European Commission

# Sustainability Impact Assessment (SIA) in support of Free Trade Agreement (FTA) negotiations between the European Union and the Kingdom of Thailand



Sustainability Impact Assessment (SIA) in support of
Free Trade Agreement (FTA) negotiations between
the European Union and the Kingdom of Thailand

Prepared by:

Milieu Consulting

Charlie.Petracco@Milieu.be

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**Authors**

| | |
|---|---|
| [full name] | [full name] |
| [full name] | [full name] |
| [full name] | [full name] |
| [full name] | [full name] |

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Unit C.2 — South and South East Asia, Australia and New Zealand

*Contact: Silvia Formentini*

*E-mail: Silvia.FORMENTINI@ec.europa.eu*

*European Commission*
*B-1049 Brussels*

# Sustainability Impact Assessment (SIA) in support of Free Trade Agreement (FTA) negotiations between the European Union and the Kingdom of Thailand

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Directorate-General for Trade and Economic Security
South and South East Asia, Australia and New Zealand

# Abstract

The European Union (EU) and Thailand jointly announced the relaunch of FTA negotiations, which had been suspended for almost a decade, in March 2023. There have since been nine rounds of negotiations, the latest in June 2026, and to date 17 of the expected 27 chapters have been provisionally concluded. In line with established practice, the European Commission commissioned a Sustainability Impact Assessment (SIA) to analyse the potential economic, social, environmental and human rights-related impacts of the future agreement. We present the results of the SIA in this Final Report.

The economic impact analysis suggests that an ambitious, balanced, and forward-looking EU–Thailand FTA would generate positive economic effects for both parties while supporting wider strategic, sustainability and resilience objectives. It is expected to strengthen bilateral trade and investment flows, improve market access, reduce transaction costs and deepen integration into regional and global value chains, particularly in industrial goods, services and selected agri-food sectors. The economic benefits identified in this assessment are expected to arise through four principal channels: tariff liberalisation, the reduction of NTBs and improvements in regulatory cooperation, enhanced frameworks for regulatory cooperation and strengthened mutual recognition mechanisms, and improved legal certainty and stronger disciplines in services, investment, public procurement, intellectual property and digital trade Therefore, the EU-Thailand FTA is likely to lead to overall positive welfare impacts.

TSD chapters generally combine commitments to implement ratified MEAs, the right to regulate, and non-derogation clauses with environmental cooperation and, since the EU's 2022 approach, the possibility of recourse to the horizontal state-to-state dispute settlement mechanism established under the FTAs. The provisions of the TSD chapter can support stronger labour and environmental governance, as can institutional mechanisms established under the FTA, particularly if they provide for the wide participation of civil society in monitoring FTA impacts and identifying issues of concern.

Lastly, regarding human rights, stakeholders from both the EU and Thailand highlight that positive human rights impacts will depend on implementation, enforcement and access to remedy. While many negative impacts are identified as low to medium in scale, they may become more significant where safeguards are weak. Yet, this study shows that the EU-Thailand FTA is likely to lead to overall positive welfare impacts.

At the same time, the analysis confirms that the potential benefits of the FTA are unlikely to be distributed evenly across sectors or stakeholder groups. While many sectors are expected to benefit from lower trade costs and greater legal certainty, adjustment pressures may emerge in sensitive sectors, particularly in agriculture, fisheries and selected import-competing industries. These effects will require careful monitoring and, where necessary, targeted flanking measures.

The FTA may also contribute to wider strategic objectives beyond its direct economic effects. In particular, it could support supply-chain diversification, strengthen the EU’s economic presence in ASEAN, improve resilience in critical industrial ecosystems and facilitate cooperation on the green and digital transitions. By strengthening institutional cooperation and reducing regulatory fragmentation, the FTA could also contribute to greater long-term economic resilience and competitiveness.

The extent to which these gains materialise will depend on the final level of ambition of the FTA, the effectiveness of implementation, and the ability of both parties to complement market opening with practical cooperation, institutional dialogue and targeted domestic reforms

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# Executive summary

## Background and context

Negotiations for a Free Trade Agreement (FTA) between the European Union (EU) and the Kingdom of Thailand were originally launched in March 2013 but were suspended in 2014 following a military takeover in Thailand. Following a period of gradual re-engagement, the EU and Thailand jointly announced the relaunch of FTA negotiations in March 2023. There have since been nine rounds of negotiations, the latest in June 2026, and to date 17 of the expected 27 chapters have been provisionally concluded, covering areas such as good regulatory practices, transparency, customs and trade facilitation, sustainable food systems, trade and sustainable development (TSD), small and medium-sized enterprises (SMEs), technical barriers to trade (TBT), state-owned enterprises, competition and subsidies, and dispute settlement.

Thailand is a key partner to the EU in the Indo-Pacific region and one of 11 members of the Association of Southeast Asian Nations (ASEAN). Within ASEAN, Thailand ranks as the second-largest economy by GDP and is the EU's fourth most significant trading partner in the grouping. Globally, Thailand is the EU's 25th largest trading partner, while the EU is Thailand's fourth-largest trading partner, after China, the United States and Japan. In 2025, trade between the two economies accounted for 7.2% of Thailand's total international trade.

In line with established practice, the European Commission commissioned a Sustainability Impact Assessment (SIA) to analyse the potential economic, social, environmental and human rights-related impacts of the future agreement. The SIA was conducted by a team of independent experts led by Milieu Consulting, in cooperation with LSE Consulting and Tutwa Europe, and supported by the Thailand Development Research Institute (TDRI).

## Methodological approach

The analysis followed a four-step approach: (i) developing a baseline scenario by analysing recent trends and influencing factors in the EU and Thailand; (ii) developing a sustainability heat map to highlight key issues for the negotiations; (iii) analysing the potential impacts of the future FTA for the whole economy and at sectoral level, as well as for the most relevant groups in the population and elements of the environment; and

(iv) formulating conclusions, recommendations and proposals for flanking measures to strengthen positive and mitigate negative impacts.

The impact analysis builds on CGE modelling results provided by the European Commission, which captures economy-wide effects of policy changes under two liberalisation scenarios — a conservative and an ambitious scenario. These quantitative results are complemented by in-depth desk research, qualitative analysis, a review of available legal text proposals tabled in the FTA negotiations, and stakeholder views. A wide-ranging stakeholder consultation programme accompanied the study throughout, including an open public consultation, a business survey, interviews and meetings, a civil society dialogue, a stakeholder workshop in Bangkok, and regular meetings with the Commission's Inter-Service Steering Group.

## Economic analysis

The CGE modelling results indicate that the EU-Thailand FTA would generate positive GDP effects for both partners. Under the conservative scenario, EU-27 GDP increases by approximately 0.005% (USD 1.9 billion), while Thailand's GDP rises by around 0.38% (USD 2.5 billion). Under the ambitious scenario, the gains increase to approximately 0.006% (USD 2.4 billion) for the EU-27 and 0.51% (USD 3.0 billion) for Thailand. The stronger GDP response in Thailand reflects higher initial tariff protection, greater scope for efficiency-enhancing reallocation and the larger role of trade in the Thai economy.

Aggregate welfare effects are positive for both partners. Total welfare gains amount to USD 1.9 billion for the EU-27 and USD 2.5 billion for Thailand under the conservative scenario, increasing to USD 2.4 billion and USD 3.0 billion, respectively, under the ambitious scenario. These gains are driven mainly by improvements in allocative efficiency and terms-of-trade effects.

At sectoral level, the estimates point to moderate aggregate gains combined with sectoral reallocation. For the EU, gains are expected in agri-food exports (dairy, meat, processed foods) and selected industrial goods, while some import-competing sectors may face adjustment pressures. For Thailand, output in cars and trucks is projected to increase by around USD 2.8–2.9 billion (+8–9%), making it the single largest sectoral gain, with additional increases in machinery, processed foods, rice and services. By contrast, estimated output declines are observed in Thai sectors such as dairy, chemicals and non-ferrous metals, reflecting increased import competition and resource reallocation.

While benefits are not expected to be distributed evenly across sectors or stakeholder groups, the analysis confirms that the FTA is likely to lead to overall positive welfare impacts for both partners. The potential benefits of the agreement are complemented by its contribution to wider strategic objectives, including supply-chain diversification, the EU's economic presence in ASEAN, resilience in critical industrial ecosystems and cooperation on the green and digital transitions.

## Social analysis

The social analysis examines the potential impacts of the FTA on employment, wages, working conditions and labour rights in both the EU and Thailand. The CGE modelling projects positive aggregate employment and real wage effects in both economies, although the distribution of gains varies across sectors.

In the EU, the impacts on employment are expected to be marginal in aggregate terms, given the size and diversification of the EU economy. In Thailand, positive employment effects are expected in expanding sectors such as automotive, machinery and processed foods, while sectors facing increased import competition — including subsegments of agriculture, textiles and dairy — may experience adjustment pressures.

A key concern relates to the high levels of informal employment in Thailand, representing between 53% and 63% of overall employment and up to 90% of agricultural employment. Thai sectors associated with risks of child labour and forced labour, including agriculture (sugar cane, dairy, vegetables and fruit) and textiles, may come under strain as a result of tariff liberalisation, potentially exposing vulnerable workers to increased competition and heightened risks of labour exploitation. The analysis highlights the importance of linking the agreement meaningfully to ILO standards, supply-chain due diligence obligations, and effective enforcement mechanisms.

The study recommends that trade liberalisation should be accompanied by strengthened social protection, skills development and training measures, and adjustment assistance for affected sectors and workers. Groups requiring particular protection in Thailand include small-scale farmers, informal workers, migrants, women employed in certain export sectors, ethnic minorities, and older workers and young people.

## Environmental analysis

The environmental analysis assesses the potential impacts of the FTA on climate change, air quality, water management, biodiversity, land use, waste management and environmental governance. The CGE modelling indicates that the FTA would lead to modest increases in greenhouse gas (GHG) emissions in both the EU and Thailand, linked to the overall increase in trade volumes. In Thailand, GHG emissions are projected to rise by 0.361% under the conservative scenario and 0.608% under the ambitious scenario. Key sectors where emission increases are projected include dairy production in the EU and fishing and poultry production in Thailand.

The environmental analysis also examines potential impacts on biodiversity, deforestation, water stress and chemical and pesticide management, particularly in Thai agricultural and fisheries sectors. Increased agricultural production for export could intensify pressure on forests, natural habitats and water resources, while the expansion of aquaculture and fishing activities could affect marine ecosystems.

At the same time, the FTA presents significant opportunities for environmental cooperation. The TSD chapter of the agreement is expected to include provisions on climate action, biodiversity conservation, sustainable fisheries and food systems, deforestation-free supply chains, and the circular economy. In combination with these provisions, the agreement has significant potential to attract green investment in Thailand, particularly in areas such as renewable energy, electric vehicle production and environmental goods and services. The study recommends binding environmental cooperation, flanking measures to support capacity-building, and regulatory cooperation on agriculture, fisheries, energy, raw materials and forestry.

## Human rights analysis

The human rights analysis examines the potential impacts of the FTA on a range of rights, including labour rights, the right to health, the right to privacy, freedom of expression, the rights of indigenous peoples, women's rights and the rights of persons with disabilities. The analysis identifies both potential positive and negative impacts.

On the positive side, the FTA could contribute to improved living standards, better working conditions in formalising sectors, and strengthened regulatory frameworks through TSD provisions. The agreement may also promote responsible business conduct and supply-chain due diligence, with positive spill-over effects on human rights.

On the negative side, risks are identified in relation to labour rights in sectors with high levels of informality and migrant labour;  right to health, where stakeholders raised

concerns that the proposed provisions on patent term extension, which go beyond WTO TRIPS minimum requirements, could delay the market entry of generic medicines; the right to privacy in relation to cross-border data flows given differences between the EU's General Data Protection Regulation (GDPR) and Thailand's Personal Data Protection Act (PDPA); and the rights of indigenous peoples and local communities in the context of agricultural expansion and environmental regulations.

The study recommends strengthening human rights implementation and monitoring through the TSD Committee, ensuring the availability of affordable medicines, strengthening women's rights and gender equality, protecting persons with disabilities, and safeguarding freedom of expression and peaceful assembly.

## Recommendations

The study provides recommendations across five areas:

Economic impacts, investment and strategic cooperation. The FTA should pursue ambitious and balanced tariff liberalisation, while accommodating sectoral sensitivities through transitional periods and phased liberalisation. Regulatory cooperation should be prioritised as a central pillar of the FTA, particularly in areas such as SPS measures, TBT, customs procedures and digital trade facilitation. The agreement should strengthen services and investment liberalisation, promote mutual recognition of standards and certifications, improve SME utilisation and regulatory accessibility, and serve as a platform for broader strategic cooperation in areas such as supply-chain resilience, critical raw materials, industrial decarbonisation and digital infrastructure.

Employment, labour rights and social inclusion. Trade liberalisation should be accompanied by strengthened social protection and complementary social policies, particularly for vulnerable groups in Thailand. The parties should complement market opening with strong implementation and enforcement of the TSD chapter, with priority given to labour rights enforcement and responsible business conduct, especially in sectors with elevated risks such as fishing and seafood, sugarcane, garments, construction and manufacturing.

Environment and climate. The TSD chapter should include binding cooperation on climate action, biodiversity conservation, forest protection, sustainable fisheries and food systems, and the circular economy. Flanking measures should support investment in EV production and environmental goods and services, chemicals and pesticides management, fisheries governance and capacity-building for environmental governance in Thailand.

Human rights and vulnerable groups. The TSD Committee should include a permanent agenda item on human rights-related impacts. The FTA should ensure the availability of affordable medicines, strengthen women's rights and gender equality, protect persons with disabilities, and safeguard freedom of expression and peaceful assembly within the scope of the TSD chapter. Effective access to remedy for consumers, workers and affected communities is a key prerequisite for positive human rights outcomes.

Implementation, monitoring and stakeholder participation. Effective implementation requires dedicated institutional mechanisms, including a TSD Committee meeting regularly to oversee commitments and facilitate cooperation, supported by enforcement provisions and dispute settlement procedures to address non-compliance. The agreement should provide for regular monitoring of sectoral, social and environmental impacts, with particular attention to sensitive sectors and vulnerable groups, and flanking measures such as reskilling and compliance support where adjustment pressures emerge. Transparency in regulation, licensing, administrative decision-making and access to remedy is a prerequisite for both economic and human rights outcomes, and agreed follow-up actions should be publicly communicated. Civil society actors should have a formal and meaningful role in monitoring implementation, whether through Domestic Advisory Groups, the Civil Society Forum or other institutional channels, and the parties should promote responsible business conduct through existing mechanisms, in particular the OECD National Contact Points.

# 1 Introduction

In line with the practice for EU FTA negotiations, the European Commission commissioned an independent consortium to carry out a Sustainability Impact Assessment (SIA) to analyse potential economic, social, environmental and human rights-related impacts of the future agreement between the EU and Thailand. The SIA is a specialised instrument employed by the European Commission Directorate-General for Trade and Economic Security (DG Trade) to support ongoing trade negotiations[1]. The objectives of the SIA include supplying data to guide the negotiation process, evaluating potential shifts resulting from the agreement, pinpointing necessary trade-offs, and optimising policy decisions. Ultimately, the mechanism fosters trade negotiations that are robust, transparent and grounded in evidence.

It builds on screening and modelling results to examine closely those areas in which the agreement is expected to have the largest impact, including potential unintended effects. It also provides a platform for stakeholders including citizens, businesses, government representatives, business associations, trade unions, non-governmental organisations (NGOs), civil society organisations (CSOs) and academics within the EU and Thailand to share their perspectives with the negotiating teams.

This study was conducted by a team of independent experts led by Milieu Consulting, in cooperation with the consulting arm of the London School of Economics and Political Science (LSE Consulting) and Tutwa Europe, and supported by the Thailand Development Research Institute (TDRI).

The study was divided into an inception, interim and final phase. The inception phase provided the framework to define the scope and objectives of the study, fine-tune its methodological approach and finalise planning for the consultation process. The interim phase contained the analysis, in parallel with stakeholder engagement. The final phase brought the work together and developed recommendations. The methodological approach is presented in the next sub-section and then in greater detail in section 2.

(1) European Commission: Directorate-General for Trade & Economic Security, Sustainability Impact Assessments, https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en.

## 1.1 Study context

The EU and Thailand maintain a longstanding and multifaceted trade relationship, underpinned by their mutual commitment to rules-based international order and shared membership in the World Trade Organization (WTO), to which Thailand acceded in 1995.

Thailand is a parliamentary constitutional monarchy with executive, legislative, and judicial branches, led by a prime minister and cabinet. The cabinet proposes legislation and issues regulations, supported by the secretariat of the cabinet, while the Office of the Council of State serves as the main legal drafting and regulatory oversight body. Legislative proposals from the parliament or the public require regulatory impact assessments (RIA) and public consultation[2].

Thailand is a centralised state, with 76 provinces led by officials appointed by the Ministry of the Interior (except Bangkok Metropolitan Area and Pattaya, where leaders are elected). Local authorities can enact rules on areas such as public health and natural resource management, but regulatory quality control remains under central oversight and constitutional regulatory assessment requirements apply at all levels[3].

Thailand is a key partner to the EU in the Indo-Pacific region and one of 11 members of the Association of Southeast Asian Nations (ASEAN). Within ASEAN, Thailand ranks as the second-largest economy by Gross Domestic Product (GDP) and holds the position of the EU's fourth most significant trading partner (see Annex 1, Table 10). Globally, Thailand is the EU's 25th largest trading partner, while the EU is Thailand's fourth-largest trading partner, after China, the United States (US) and Japan. In 2025, trade between the two economies accounted for 7.2% of Thailand's total international trade, underscoring the importance of the EU as a commercial counterpart.

Negotiations for an EU-Thailand FTA began in March 2013 but were put on hold in 2014 following a military takeover in Thailand. In 2017 and 2019, the Council of the EU

(2) Organisation for Economic Co-operation and Development (OECD), *Regulatory reform in Thailand: Reinforcing an effective regulatory environment,* OECD Publishing, 2025, p. 30, https://doi.org/10.1787/7892759c-en.

(3) Ibid., p, 17.

adopted conclusions endorsing a strategy of gradual re-engagement[4,5]. The 2021 EU Strategy for Cooperation in the Indo-Pacific reaffirmed the EU's strategic interest in reviving negotiations[6].

In March 2023, following an exploratory process, the EU and Thailand jointly announced the relaunch of FTA negotiations. There have since been nine rounds of negotiations, the latest in June 2026. To date, two thirds of the expected 27 chapters have been provisionally concluded: good regulatory practices; transparency, customs and trade facilitation; sustainable food systems, trade and sustainable development (TSD); small and medium-sized enterprises (SMEs); technical barriers to trade (TBT); capital movement; several sections in the chapter on trade in services and investment (e.g. domestic regulation, international maritime transport, telecommunications, financial services); anticompetitive conduct, merger control and subsidies; state-owned enterprises (SOEs); institutional provisions; dispute settlement; as well as on the automotive annex to the TBT chapter, the protocol on mutual administrative assistance in customs matters, and annexes to the trade in goods chapter.

## 1.2 Methodological approach

The analysis followed a four-step approach: 1) Develop the baseline scenario by analysing the situation, observed trends and influencing factors in the EU and Thailand; 2) Develop a heat map to highlight key issues for the negotiations; 3) Analyse the potential impacts of the future EU-Thailand FTA for the whole economy and at sectoral level, as well as for the most relevant groups in the population and elements of the environment; 4) Formulate conclusions, recommendations and proposals for flanking measures to strengthen positive and mitigate negative impacts.

(4) Council of the European Union, '*Thailand: Council adopts conclusions*', Press release, 11 December 2017, https://www.consilium.europa.eu/en/press/press-releases/2017/12/11/thailand-council-adopts-conclusions/.

(5) Council of the European Union, '*Thailand: EU to broaden its engagement following elections*', Press release, 14 October 2019, https://www.consilium.europa.eu/en/press/press-releases/2019/10/14/thailand-eu-to-broaden-its-engagement-following-elections/.

(6) European Commission and High Representative of the Union for Foreign Affairs and Security Policy, *The EU strategy for cooperation in the Indo-Pacific*, Joint Communication to the European Parliament and the Council, JOIN(2021) 24 final, Brussels, 16 September 2021.

The impact analysis starts with the outcomes of the economic modelling provided by the European Commission, which captures economy-wide effects of policy changes and which are complemented by in-depth desk research and qualitative analysis to capture dimensions the model cannot fully reflect.

The underpinning evidence for the economic, social, environmental and human rights pillars include relevant indicators, outcomes of the economic modelling, available legal text proposals tabled in the FTA negotiations and stakeholder views. All four pillars close with conclusions and recommendations.

Part of the research involves a study of the potential contribution of the FTA to relevant EU strategic objectives. Factors examined include its role in defending and promoting the EU's place and influence in Thailand, ensuring greater security in global supply chains through enhanced diversification of supply, advancing the digital and green transitions, and strengthening the EU's role as a geopolitical partner for Thailand and the wider ASEAN and Indo-Pacific regions.

## 1.3 Stakeholder consultation

Stakeholder consultation is the second core element of the SIA. It serves three principal objectives: to actively engage with all affected and interested parties in order to reflect their experience, priorities, and concerns; to contribute to the transparency, quality, credibility and legitimacy of the analysis; and to help to identify priority areas and key issues relating to the potential economic, social, environmental and human rights impacts of the FTA. A wide-ranging stakeholder consultation programme has been deployed for this SIA.

Verbal and written contributions provided by EU, Thai and international stakeholders are incorporated and cited in the relevant parts of the analysis. Further details on the methodology are presented in Chapter 2.7 and results of the stakeholder engagement are summarised in Chapter 10.

# 2 Methodology

This chapter presents a summary of the methodological approach adopted for each component of the SIA. The study follows the DG Trade Handbook for Trade SIAs and draws on best practice established in recent SIAs. A more detailed description of the analytical framework, data sources, and indicator selection is provided in the annexes to this report.

## 2.1 Overall methodological approach

The SIA is based on a consistent four-step analytical framework across its economic, social, environmental and human rights pillars. The same structure is used for the in-depth sectoral case studies, adapted where necessary for the specific characteristics of each sector.

The first step is to develop a baseline scenario for each pillar by analysing recent trends in trade, investment, production, and broader socioeconomic and environmental conditions in the EU and Thailand, together with the main structural factors. This provides the reference point against which the potential effects of the future EU-Thailand FTA are assessed.

Secondly, a sustainability heat map identifies priority areas for detailed analysis. The heat map combines quantitative indicators with qualitative evidence drawn from existing studies, preliminary screening exercises and initial stakeholder input. It highlights the most relevant sectors, measures and cross-cutting issues across all four sustainability pillars and guides the allocation of analytical effort.

The third step is the core of the impact assessment. The potential effects of the FTA on the economy as a whole and at sectoral level are examined using CGE modelling results provided by the European Commission (DG Trade), complemented by additional quantitative and qualitative techniques where appropriate. The CGE model simulates how economies respond to policy changes on the basis of defined scenarios, capturing economy-wide and intersectoral effects. The model results are interpreted in the context of the baseline findings and supplemented with desk research, stakeholder evidence, and, for selected topics, additional quantitative analysis. The analysis recognises that CGE models rely on structural assumptions that simplify reality and do not fully capture dynamic feedback processes such as knowledge spillovers, changes in innovation behaviour or shifts in domestic governance structures. These limitations are addressed through complementary qualitative research.

Finally, the findings from the three preceding steps are synthesised into conclusions and policy recommendations, including proposals for flanking measures to strengthen positive impacts and mitigate potential negative effects for specific sectors, regions and groups. Inputs gathered through the stakeholder consultation are integrated into the analysis throughout all four steps.

## 2.2 Economic approach

The economic approach combines quantitative and qualitative assessment techniques. The primary quantitative tool is the CGE modelling undertaken by DG Trade which simulates the potential effects of the EU-Thailand FTA across a range of economic sectors and world regions. The model results compare a future situation in which the FTA is in place with a counterfactual in which the agreement is not concluded, rather than comparing the outcome with the situation today.

The CGE results do not fully capture services, the complexity of NTMs, firm-level heterogeneity or dynamic effects such as innovation and longer-term investment and supply-chain reconfiguration, which are limitations that should be borne in mind when interpreting the magnitude and sectoral distribution of results.

Additional quantitative elements include descriptive statistical analysis of trade flows in goods and services at various levels of product aggregation. Qualitative elements include an extensive literature review, desk research on regulatory and institutional frameworks, and interpretation of evidence gathered through stakeholder consultation.

The economic analysis covers trade in goods and services, tariff and non-tariff measures, investment, public procurement and wider economic effects (see Annex 2). Cross-cutting issues include impacts on LDCs and other third countries, the EU's outermost regions, SMEs and consumers.

## 2.3 Social approach

The social analysis determines how anticipated tariffs and NTMs reductions, alongside other possible provisions like the TSD chapter, could affect social conditions in the EU and Thailand. It combines CGE modelling results with qualitative desk research and stakeholder consultation.

The baseline analyses socioeconomic indicators and recent labour market trends in Thailand and the EU, focusing on employment, wages, poverty and income inequality.

Where possible, indicators are disaggregated by gender, age and region, reflecting the significance of the rural-urban divide and the central role of Bangkok in the economy. The impact assessment combines CGE estimates of employment, wages and welfare effects, complemented with sectoral analysis and contextualised with indicators identified in the baseline, including measures of poverty, inequality and informal employment. The qualitative component uses desk research to look at sectoral effects, examining how liberalisation may affect specific aspects of the labour market, such as the process of labour formalisation (see Annex 3)

. Stakeholder consultation in the EU and Thailand across regions, sectors, and population segments is used to map potential social risks and focus on sectors and populations where the effects of liberalisation may be most pronounced.

Particular attention is given to vulnerable groups: migrant workers; women; and indigenous peoples. This work is closely coordinated with the human rights analysis to ensure complementarity and avoid duplication.

## 2.4 Environmental approach

The baseline develops a profile of key environmental issues, conditions and pressures in Thailand and the EU. The impact assessment examines scale, structural, technological and product effects, particularly in relation to trade in goods, through three main channels: trade-driven changes, where tariff liberalisation and related provisions are expected to alter output, trade composition and transport activity; the potential implications of the TSD chapter; and impacts from other FTA chapters. (The potential implications of the TSD chapter are expected to have horizontal effects across environmental topics and economic sectors, in particular via changes in governance, and are addressed in a dedicated sub-chapter).

The assessment uses CGE model outputs on sectoral activity as the primary quantitative signals. It relies extensively on qualitative signals – identified through literature review (see Annex 5), consultation results and case studies – as other quantitative data are limited.

Cross-cutting environmental issues are assessed qualitatively, covering SMEs (including agricultural smallholders), consumers, LDCs, consumers, the EU's outermost regions, and the role of responsible business conduct.

## 2.5 Human rights approach

The analysis provides a concise overview of the human rights legal framework applicable to both the EU and Thailand, including the ratification status of core international human rights conventions and the existence of relevant domestic legislation and national action plans. The screening exercise identifies the specific human rights most likely to be affected by the FTA through review of relevant sections of the proposed FTA negotiating texts alongside international human rights instruments, EU fundamental rights instruments and available reports (see Annex 7). The detailed assessment combines quantitative and qualitative methods, and drawing on relevant human rights indicators, the outcomes of the economic modelling, the legal texts tabled

in the negotiations, and stakeholder evidence. The analysis identifies specific risks and opportunities that might arise from FTA provisions.

The analysis pays special attention to migrant and informal workers, women workers, persons with disabilities, children and, where relevant, indigenous and local communities affected by land-use changes. Cross-cutting dimensions include responsible business conduct and measures strengthening access to justice. The human rights analysis is closely coordinated with the social analysis to ensure that overlapping issues, particularly those relating to working conditions and labour standards, are addressed consistently.

## 2.6 In-depth sectoral analysis

The sectoral analysis includes an in-depth study of rice, sugar, tuna, automotive and transport equipment, including electric vehicles and maritime transport services. The selection of these sectors reflects their importance in EU-Thailand trade, their sensitivity in the FTA context and their relevance across multiple sustainability pillars.

Each in-depth sectoral study combines trade and regulatory data, CGE modelling results, desk research and targeted stakeholder consultation. They assess expected effects on trade and production, regulatory and value-chain implications, sustainability impacts and relevant cross-cutting issues, including impacts on SMEs and other potentially affected groups. The analyses follow the same logic as the general analysis, covering the economic aspects and the relevant social and environmental dimensions. It concludes with sector-specific recommendations on tariff schedules, regulatory cooperation and sustainability-oriented flanking measures.

## 2.7 Stakeholder consultation

The stakeholder consultation used a range of complementary tools, such as an Online public consultation (OPC), available in all EU languages and Thai; a targeted business survey gathering specific technical and sector-level information from economic operators; in-depth interviews and focus groups.

Additional consultation activities included two CSD meetings, one in Brussels on 18 January 2026 and one online on 22 September 2026, organised in coordination with DG Trade, and a dedicated stakeholder workshop in Bangkok, Thailand on 19 May 2026. The CSD meetings generally target EU-based stakeholders while the workshop was specifically designed for Thai stakeholders to get the opportunity to share their views. The workshop brought together a broad range of stakeholders for panel discussions

and thematic working groups on environmental impacts, labour rights and social inclusion, economic opportunities, and governance and institutional capacity.

Digital outreach tools, including a dedicated project website, LinkedIn and Facebook, were used to disseminate information and gather feedback throughout the study. Chapter 8 presents details of the stakeholder consultation.

# 3 Results of the economic analysis

## 3.1 Baseline

The baseline for the economic assessment reflects the current EU–Thailand economic relationship under MFN conditions, in the absence of a bilateral FTA. Trade in goods is governed by WTO commitments and applied MFN tariffs. These tariffs are generally low on the EU side for industrial products, but remain comparatively high and more variable in Thailand, particularly in sectors such as automotive, agri-food, and selected consumer goods.

In line with the findings of the inception report, NTMs, including SPS requirements, technical regulations, conformity assessment procedures, customs formalities, and rules of origin, constitute key determinants of effective market access and trade costs in a wide range of economically relevant sectors.

Trade in services and investment flows are shaped primarily by domestic regulatory frameworks rather than border measures. In the EU, market access is generally open and governed by horizontal rules, with relatively limited restrictions on foreign participation. In Thailand, by contrast, foreign equity limits, licensing and authorisation requirements, sector-specific regulations, and administrative practices play a central role in determining market access conditions. These constraints are particularly relevant in professional and business services, financial services, telecommunications, transport and construction.

### 3.1.1 EU goods imports from Thailand

Thai **exports** to the 27 EU Member States (EU-27) are relatively concentrated compared to Thailand's global export structure[7]. Looking at the period 2022–2024, the top 10 product groups (at the HS 4 level) account for close to half of Thai exports to the EU, while the top twenty products represent around 61% of total bilateral exports (see Table 8, Annex 1). By contrast, Thailand's global exports are far more diversified, with

(7) Trade in goods data are provided at the HS-4 level, in line with the Terms of Reference. The economic heat map identifies sectors in which the EU–Thailand FTA is most likely to have significant effects on economic and sustainability dimensions, drawing on HS-4-level trade and tariff information where feasible.

the top 20 products accounting for only around 15% of total exports (see Table 9, Annex 1). This concentration indicates that the EU market is particularly important for a limited number of Thai sectors, implying both higher sensitivities to changes in market access conditions and greater potential gains from an ambitious EU–Thailand FTA.

### Electronics, ICT and electrical machinery

Electronics and information and communications technology (ICT)-related products dominate Thai exports to the EU. Automatic data-processing machines, integrated circuits, telecommunications equipment and related components together account for a substantial share of bilateral trade. These sectors are deeply embedded in GVCs and are particularly sensitive to NTMs, including technical regulations, conformity assessment procedures, customs processes and rules of origin. While applied MFN tariffs are generally low, regulatory compliance costs can be significant. As a result, FTA provisions on technical barriers to trade, regulatory transparency, rules of origin and customs facilitation are expected to generate sizeable trade effects relative to headline tariff reductions.

### Automotive and transport equipment

Automotive and transport equipment are particularly important in EU–Thailand trade, both economically and from a trade-policy perspective. Their importance reflects the value of bilateral trade, the sector's integration into cross-border supply chains, relatively high levels of protection in Thailand, and its prominent role in Thai industrial policy. Thailand exports motorcycles, vehicles and parts to the EU, while EU exports to Thailand are concentrated in vehicle components, aircraft, turbines and specialised machinery. This reflects vertical specialisation as well as asymmetric protection, as Thai tariffs on vehicles remain relatively high and are complemented by regulatory and procedural barriers. The sector is also closely linked to Thailand's industrial policy, including support for EVs, and involves extensive supplier networks with significant SME participation.

Tariff liberalisation, reductions in NTBs and regulatory cooperation under the FTA could therefore have pronounced effects on trade, investment and employment, while also creating adjustment pressures.

### Agri-food products

Agri-food products account for a smaller share of Thai exports to the EU than of Thailand's global exports, but they remain economically and politically sensitive. Prepared meat, animal feed and selected food preparations feature prominently in bilateral trade, while Thailand is globally specialised in products such as rice, sugar, fish and processed foods. Access to the EU market in these sectors is primarily determined by tariffs and SPS requirements, which are legally binding. By contrast, sustainability-related standards are often voluntary or market-driven, but can still influence effective access by shaping purchasing decisions, compliance costs and supply chain requirements, particularly in large retail and processing segments[8]. Even limited changes in access conditions may have disproportionate effects on SMEs, compliance costs and third-country competitiveness, particularly for LDCs benefiting from preferential access.

### Energy and raw materials

Thailand's global imports and intra-ASEAN trade are heavily dominated by energy products, including crude oil, gas, coal and electricity (see Table 12 and Table 13, Annex 1). By contrast, bilateral trade in energy products with the EU has been limited to date. Given the sensitivity of the sectors and the dynamic variables linked to energy security and raw materials (which include several metals, rubber and chemical inputs), it is very difficult to provide an accurate estimate of the impact of the FTA on such sectors. Immediate impacts can be foreseen, such as changes in production costs, transport patterns and environmental outcomes, not on the Thai side, given the sustainability commitments pursued under an FTA. These sectors are relevant for the environmental and climate analysis, as well as for direct trade liberalisation effects, particularly on investments.

## 3.1.2 EU goods exports to Thailand

Thai imports from the EU-27 are moderately concentrated and strongly skewed towards high-value industrial and technology-intensive products (see Table 11, Annex 1). Looking at the period 2022–2024, the top 10 product groups account for around 25% of total EU exports to Thailand, while the top 20 products represent approx. 36% of

(8) OECD, *Trade-related measures linked to the environmental sustainability of agriculture*, OECD Publishing, Paris, 2025, https://www.oecd.org/en/publications/trade-related-measures-linked-to-the-environmental-sustainability-of-agriculture_ebfdca09-en.html.

bilateral exports. This indicates a more concentrated structure than typical global import patterns, with EU exports playing a particularly important role in a limited number of strategically relevant sectors. The composition also suggests that bilateral trade is driven less by final consumption and more by intermediate and capital goods used in Thailand's production systems.

### Electronics, ICT and industrial machinery

Electronics and industrial machinery form the backbone of EU exports to Thailand. Electronic integrated circuits alone account for the largest single import category (5.6%), complemented by telecommunications equipment, specialised industrial machinery and mechanical appliances.

These sectors are deeply embedded in GVCs, with EU firms supplying critical inputs into Thailand's manufacturing base, including electronics assembly, automotive production and industrial processing. While tariffs on many of these goods are relatively low, trade is highly sensitive to NTMs, including technical standards, certification procedures and customs administration.

FTA provisions targeting technical barriers to trade, regulatory transparency and customs facilitation are likely to generate significant gains, particularly by reducing compliance costs and improving supply chain efficiency.

### Pharmaceuticals and medical technologies

Pharmaceuticals and life sciences products represent the second major pillar of EU exports. Medicaments, biological products (including blood and vaccines) and medical instruments together account for close to 10% of EU exports to Thailand.

These products are characterised by high regulatory intensity and strong dependence on intellectual property protection, quality standards and approval procedures. Market access is shaped less by tariffs and more by domestic regulatory frameworks, including product registration, pricing policies and procurement systems.

Regulatory cooperation, transparency and streamlined approval processes under an FTA could have a significant impact on trade flows, innovation incentives and access to advanced healthcare technologies.

## Automotive and transport equipment

Automotive and transport equipment represent another strategically important sector. EU exports to Thailand include vehicle parts and components, passenger cars, aircraft and turbines. This reflects a pattern of vertical specialisation, with EU firms supplying high-value components and capital goods into Thailand's automotive and aviation industries.

At the same time, the sector remains subject to relatively high tariffs and regulatory barriers on the Thai side, particularly for finished vehicles. These measures are closely linked to domestic industrial policy objectives, including the development of local manufacturing capabilities and the transition towards EVs.

Tariff liberalisation, combined with reductions in NTBs and improved regulatory cooperation, could generate substantial trade and investment effects, while also requiring adjustments in domestic industries.

## Raw materials, intermediates and niche products

A range of secondary categories account for smaller shares of EU exports, such as aluminium and copper scrap, wheat, and selected consumer goods such as leather products and jewellery. These flows reflect both industrial supply chains (e.g. scrap for recycling and reprocessing) and more limited consumer-oriented trade.

While individually less significant, these sectors illustrate the breadth of bilateral trade and may be affected by tariff reductions and improvements in customs procedures.

## Overall assessment

The structure of EU exports to Thailand is characterised by a strong focus on high-value, technology-intensive and intermediate goods. This pattern highlights the EU's role as a supplier of advanced inputs into Thailand's production systems, rather than as a source of mass consumer goods.

Consequently, the economic impact of an EU–Thailand FTA is likely to depend less on headline tariff reductions and more on progress in addressing NTBs, improving regulatory cooperation and facilitating trade in complex, standards-intensive sectors.

## 3.1.3 Existing tariff regimes and NTMs

### 3.1.3.1 Tariff structure and asymmetries in EU–Thailand goods trade

An examination of applied and MFN tariff schedules for the main (top 20) traded goods categories confirms that tariff barriers remain highly asymmetric across sectors and between partners, reinforcing the need to interpret expected FTA effects beyond simple trade volumes (see Table 14 and Table 15, Annex 1).

On the EU import side, tariffs applied to Thailand's largest export categories are generally low or zero, particularly for electronics and ICT products. Automatic data-processing machines, electronic integrated circuits, telecommunications equipment, printed circuits and machinery parts enter the EU duty-free under both effectively applied and MFN rates. Even where tariffs apply, they are typically modest, such as for air-conditioning equipment, electrical transformers, optical fibres, tyres and jewellery, with weighted averages generally below 5%.

Selected agri-food and transport products face materially higher protection. Prepared meat products are subject to weighted average tariffs exceeding 14%, while motorcycles, commercial vehicles and tyres face tariffs in the 6-12% range, with tariff peaks reaching over 20% in specific product lines. This pattern indicates that for Thai exports to the EU, tariff liberalisation effects are likely to be concentrated in a limited number of product groups, while the binding constraints for most high-value manufactured exports lie elsewhere.

On the EU export side, tariff protection in Thailand is substantially higher and more uneven, particularly for transport equipment and consumer goods. Motor vehicles face extremely high tariffs: weighted averages exceed 70%, with peaks of up to 80%, while vehicle parts are subject to average tariffs above 25%. Pharmaceuticals face moderate but non-negligible tariffs, with weighted averages around 8-9%, and certain consumer goods such as luggage and personal accessories are subject to flat tariffs of 20%.

At the same time, many capital- and technology-intensive EU exports (e.g. integrated circuits, aircraft, turbines, specialised machinery, medical instruments, and telecom equipment) enter Thailand at zero or very low tariff rates. This reinforces the conclusion that for EU exports, tariff barriers are highly sector-specific, with substantial protection concentrated in a narrow set of industries closely linked to industrial policy, revenue generation or domestic production.

Overall, the tariff evidence suggests three important implications. First, headline tariff reductions are likely to generate significant effects only in a small number of sectors,

notably agri-food products and automotive and transport equipment. Second, for the bulk of high-value bilateral trade, particularly in electronics, machinery and ICT goods, NTMs, regulatory requirements and procedural barriers are likely to dominate trade costs, shaping the real economic impact of the FTA. Third, the strong asymmetry in tariff protection underscores the importance of analysing adjustment pressures and political sensitivity alongside aggregate trade gains when prioritising sectors in the heat map.

These tariff patterns provide an essential quantitative foundation for the qualitative analysis, helping to distinguish sectors where tariff liberalisation is likely to be decisive from those where regulatory cooperation and non-tariff disciplines would be the primary drivers of economic impact.

Stakeholder responses indicate broad support for the trade-facilitating objectives of the FTA, particularly among business respondents, who highlighted improved market access, reduced trade barriers and greater regulatory cooperation as potential sources of economic benefit. At the same time, respondents from certain agri-food processing sectors emphasised that the distribution of gains is likely to vary across industries, with some sensitive sectors expressing concerns about increased import competition. Overall, stakeholders frequently stressed that the economic effects will depend on the final scope, level of ambition, and sectoral coverage of the FTA.

#### 3.1.3.2 Non-Tariff Measures (NTMs)

The assessment of NTMs focuses on identifying those measures that matter most and the sectors in which they are binding, rather than estimating comprehensive *ad valorem* equivalents (AVEs) . This prioritisation is informed by quantitative evidence from the World Integrated Trade Solution (WITS) NTM database[9] and qualitative evidence from the WTO Trade Policy Review of Thailand[10] and partner-country trade barrier reports[11]. Together, these sources show that NTMs in Thailand are highly concentrated in a

(9) WITS, 'Thailand NTM summary', World Bank, n.d., https://wits.worldbank.org/tariff/non-tariff-measures/en/country/THA.

(10) WTO, 'Trade Policy Review: Thailand', 2025, https://www.wto.org/english/news_e/news_docs/s480_e.pdf.

(11) US ITA, 'Thailand Country Commercial Guide', 2024, https://www.trade.gov/country-commercial-guides/thailand-trade-barriers; International Trade Centre (ITC), 'Thailand: Company perspectives – an ITC series on non-tariff measures', 2016, https://www.intracen.org/file/itcntmsurveythailandfinallowrespdf.

limited number of sectors and measure types, rather than being evenly distributed across the economy.

WITS sector-level statistics for Thailand indicate strong variation in NTM incidence across product groups (see Table 19, Annex 1). While the economy-wide NTM coverage ratio is approx. 31%, several sectors exhibit substantially higher coverage and frequency ratios alongside large values of affected trade[12]. In particular, animal products, food products, and vegetable products show NTM coverage ratios between 76% and 98% and frequency ratios above 80%, with affected trade values in the range of USD 3–4.5 billion. Selected manufacturing sectors, including plastics and rubber, chemicals and machinery and electrical equipment, also show economically significant exposure to NTMs, either through high coverage ratios or through large values of affected trade, despite more targeted application. This uneven distribution provides the empirical basis for prioritising NTMs in agri-food, regulated manufacturing, GVC-intensive sectors and selected services.

Comparison to the EU highlights that NTMs are not unique to Thailand. WITS data show that the EU applies NTMs to the vast majority of imported products, particularly in agri-food, chemicals, machinery and other regulated manufacturing sectors. Many of these measures take the form of technical regulations, conformity assessment procedures, certification requirements and labelling obligations. While the overall prevalence of NTMs is considerably higher in the EU than in Thailand, both economies exhibit a similar concentration of measures in sectors associated with health, safety, environmental protection and consumer welfare objectives.

(12) NTM coverage ratio measures the share of import value that is subject to at least one NTM, expressed as a percentage of total imports in the relevant sector. It captures the economic importance of NTMs by weighting their incidence by trade values. The NTM frequency ratio measures the share of tariff lines within a sector that are affected by at least one NTM, expressed as a percentage of all tariff lines in that sector. It captures the regulatory breadth of NTMs across products, irrespective of trade values. Example: a sector may display a high frequency ratio but a low coverage ratio if NTMs apply to many product lines that account for only a small share of import value. Conversely, a high coverage ratio but a lower frequency ratio indicates that NTMs apply to a limited number of tariff lines that account for a large share of imports. Both indicators are drawn from the WITS NTM database (based on UNCTAD TRAINS data) and reflect the presence of NTMs, not their restrictiveness or trade impact. High coverage and frequency ratios indicate widespread regulatory incidence, but do not imply that all measures are trade-restrictive or discriminatory in intent.

### 3.1.4 SPS measures – agri-food sectors

Thailand's SPS measures are the most pervasive NTMs affecting agri-food trade. WITS data show that animal products face an NTM coverage ratio of 98% and a frequency ratio of 95%, with similarly high incidence for food products (coverage 89%, frequency 90%) and vegetable products (coverage 76%, frequency 84%). These ratios are far above economy-wide averages and affect several billion US dollars in trade, indicating that SPS-related NTMs are structurally binding in Thailand's agri-food import regime.

This quantitative evidence is corroborated by the WTO Trade Policy Review of Thailand, which documents extensive use of product-specific approval procedures, import licensing, sanitary certification, maximum residue limits and traceability obligations administered by the Thai Food and Drug Administration and the Ministry of Agriculture.

Recent regulatory updates have expanded traceability and food safety requirements for selected agricultural and food products. Measure-level WITS data reinforce the economic relevance of these instruments: traceability requirements alone affect over USD 22 billion in trade and apply to more than 900 product lines (see Table 20, Annex 1). These SPS-related NTMs are particularly relevant for EU exports of dairy, meat and processed foods, and for Thai exports of animal and fisheries products to the EU.

Detailed WITS data for animal products show that regulatory requirements in this sector are almost universal and cumulative. In practice, nearly all animal product imports into Thailand are subject to at least one SPS-related requirement and most are subject to several at the same time. More than 95% of import value and over 85% of product lines are covered by SPS measures, affecting almost all traded animal products and trade worth more than USD 3.4 billion. The most common requirements are not outright bans, but, rather, authorisations, testing, certification, labelling, packaging and traceability rules, which apply to the vast majority of products. More exceptional measures, such as geographical bans or quarantine rules, apply to only a small number of products and concern very little trade.

The data show that SPS rules are complemented, rather than replaced, by technical requirements and administrative charges. Technical regulations such as packaging and labelling rules, as well as import licence fees, apply to almost all animal product imports, including many that enter tariff-free. This means that even where customs duties are zero, firms must still comply with a dense set of regulatory and procedural requirements before products can enter the market.

These additional requirements do not necessarily make market access more restrictive in a formal sense, but they increase the complexity, cost and time required for compliance. In practice, this can have effects similar to more restrictive measures, particularly for smaller exporters or firms with limited administrative capacity.

SPS measures are a prominent feature of the EU regulatory framework. WITS data indicate that SPS-related requirements, including sanitary certification, traceability obligations, testing procedures and residue controls, apply extensively to imports of animal products, food products and agricultural goods entering the EU. The prevalence of SPS measures in both Thailand and the EU reflects the importance attached to food safety, animal health and plant health objectives. Consequently, the assessment focuses less on the existence of SPS measures and more on differences in their design, administration, transparency and practical impact on market access.

Stakeholder feedback suggests that regulatory cooperation matters as much as tariff cuts for the FTA's benefits. Business organisations, particularly those operating in agri-food value chains, highlighted the importance of transparent and science-based SPS measures, predictable approval and certification procedures, effective traceability systems, efficient customs administration and streamlined conformity assessment requirements. Several stakeholders noted that better regulatory cooperation could substantially reduce trade costs even where tariffs are already relatively low. Consumer organisations similarly emphasised the need for greater transparency, regulatory predictability and the reduction of unnecessary administrative burdens, while maintaining high levels of consumer protection and sustainability standards. Overall, Access to the animal products market appears driven less by tariffs and more by SPS requirements, certification procedures and approval processes. The EU has similar SPS measures also play a central role in governing agri-food trade. However, evidence suggest that practical market access in Thailand is more frequently affected by administrative factors, including delays in the evaluation and approval of export applications. This appears particularly relevant for EU exports to Thailand, where a number of applications for animal and plant products remain pending. This highlights that both the SPS rules themselves and how they are implemented matter for market access.

An important implication is that the gains estimated under the conservative as well as the ambitious scenario should be read as indicative upper-bound. Since SPS measures remain necessary in both Thailand and the EU, most regulatory requirements would persist even under an ambitious FTA Realistically, the FTA would reduce compliance costs and delays—not eliminate SPS measures.. Gains would likely be lower than those implied by a scenario assuming very large reductions in NTM-related trade costs.

### 3.1.5 Technical barriers to trade (TBT)

In manufacturing sectors such as electronics, electrical equipment, machinery and automotive products, market access in Thailand is shaped primarily by technical regulations and conformity assessment procedures rather than by tariffs. WITS data for machinery and electrical equipment indicate that these measures apply to a relatively limited share of product lines but are concentrated on economically important trade flows. Overall, TBT measures affect around 15% of import value and just over 5% of tariff lines in this sector, yet they apply to trade worth more than USD 10 billion, underscoring that regulatory requirements in Thailand are targeted and commercially significant.

A closer look at the composition of these measures highlights the central role of authorisation, registration and certification requirements. According to WITS data, authorisation requirements for technical reasons alone affect approx. USD 8.8 billion in machinery and electrical equipment trade, while importer registration, certification and inspection requirements each apply to around USD 8.7 billion in trade. These measures typically apply through procedural obligations, such as prior approval, documentation, testing, or certification by designated bodies, rather than outright bans. A substantial share of these requirements also applies to duty-free imports, indicating that regulatory compliance remains binding even where tariffs have been eliminated.

Other technical requirements, such as labelling, product quality standards and testing obligations, affect fewer products and smaller trade values, but still contribute to overall compliance costs, particularly for firms supplying multiple product variants. Evidence from the WTO Trade Policy Review of Thailand confirms that these effects reflect the application of national standards, local testing and certification procedures, and sector-specific approval processes, sometimes in parallel with international standards.

Technical regulations and conformity assessment procedures are a prominent feature of the EU regulatory framework. WITS data indicate that EU imports are extensively subject to technical requirements, including certification, testing, inspection, registration, labelling and product quality standards, particularly in machinery, electrical equipment, chemicals, transport equipment and other regulated manufacturing sectors. As in Thailand, these measures generally pursue legitimate objectives related to safety, consumer protection, environmental performance and product quality. The assessment therefore focuses on how regulatory approaches, conformity assessment procedures and administrative practices affect market access and compliance costs.

Partner-country trade barrier reports note that such requirements can increase time-to-market and compliance costs in automotive, electronics and machinery. Similar

compliance obligations exist in the EU, where technical regulations and conformity assessment procedures play a central role in governing market access. However, stakeholders frequently identify differences in testing requirements, certification procedures, documentation obligations and the recognition of conformity assessment results as important sources of additional trade costs. These factors help to explain why TBT-related measures remain a priority area in the assessment, despite their generally non-discriminatory objectives.

### 3.1.6 Rules of origin, licensing and customs procedures

Rules of origin, import licensing and customs procedures are particularly relevant for GVC-intensive sectors, including automotive products, electronics, machinery, chemicals, plastics and processed foods. In these sectors, trade costs are shaped by both tariff levels and the administrative requirements needed to demonstrate origin and comply with customs formalities. The WTO Trade Policy Review of Thailand documents progress in customs digitalisation and Thailand's participation in the ASEAN Single Window[13], while noting the continued use of product-specific licences, documentation requirements and origin certification procedures as part of the import and export regime.

The EU similarly applies preferential and non-preferential rules of origin, customs documentation requirements and product-specific licensing measures. The WTO Trade Policy Review of the European Union also highlights continued digitalisation of customs procedures, including through the EU Single Window Environment for Customs.

These measures therefore form part of the existing regulatory and administrative baseline on both sides. Their relevance for the FTA assessment lies primarily in the extent to which future provisions can simplify procedures, improve transparency and facilitate the use of tariff preferences.

(13) The ASEAN Single Window (ASW) is a regional platform that integrates the National Single Windows of ASEAN member states, enabling the electronic exchange of trade-related documents to expedite customs clearance and reduce transaction costs, https://asean.org/our-communities/economic-community/asean-single-window/.

### 3.1.7 Trade in services between the EU and Thailand

EU–Thailand services trade is characterised by a high degree of concentration, particularly on the EU export side. Looking at the period 2021–2023 (latest available data), a limited number of service categories account for the majority of EU services exports to Thailand (see Table 21, Annex 1). Telecommunications, computer and information services represent close to 40% of total EU services exports, followed by other business services and transport services, at around 20% each. Together, these three categories account for roughly four-fifths of EU services exports to Thailand.

Thailand's services exports to the EU have a different composition from EU services exports to Thailand. Travel services accounts for more than 40% of recorded services exports, although these flows predominantly correspond to Mode 2 (consumption abroad) and are therefore less directly relevant to the market-access analysis focused on Modes 1 and 3. Excluding travel, transport is Thailand's largest services export category to the EU, accounting for around 28% of total services exports, with freight transport representing a substantial share. Other business services are the next-largest category, accounting for around 16% of exports, while telecommunications, computer and information services account for a considerably smaller share (see Annex 1, 1.5.2., Table 22).

Transport services represent close to 30%, while knowledge-intensive services such as ICT and professional services play a much smaller role in Thailand's exports to the EU. Transactions related to intellectual property (recorded as charges for the use of intellectual property) also account for a relatively limited share and reflect cross-border licensing income rather than a distinct services sector.

This asymmetric structure implies that the EU–Thailand FTA is likely to generate differentiated effects across service sectors. The EU's main commercial interests are concentrated in digitally deliverable and business services, whereas Thailand's exposure is more closely linked to cross-border mobility of persons, transport and travel-related activities.

#### Telecommunications, computer and information services

Telecommunications, computer and information services constitute the single most important EU services export category to Thailand, accounting for around 39% of total EU services exports over 2021–2023. These flows are driven overwhelmingly by

computer services, which alone account for around 38% of total services exports. Market access in these sectors is shaped by regulatory conditions such as data governance frameworks, cybersecurity requirements, licensing regimes, (data) localisation measures and restrictions on cross-border data flows, rather than explicit barriers. As a result, the economic impact of an FTA is likely to depend primarily on provisions related to digital trade, regulatory cooperation, transparency and legal certainty, rather than on traditional market access commitments.

### Other business services

Other business services form the second major pillar of EU services exports to Thailand. This category includes professional and management consulting, engineering and technical services, research and development (R&D), operating leasing, and trade-related services. These activities are closely linked to EU investment, participation in Thai value chains and the provision of high-value inputs to manufacturing and infrastructure projects.

Barriers in these sectors typically arise from licensing requirements, nationality restrictions, foreign equity limitations and challenges related to the recognition of professional qualifications. Improvements in regulatory transparency and disciplines on domestic regulation under the FTA could therefore have material effects on market access and operating conditions.

### Transport services

Transport services play an important role on both sides of the bilateral relationship, albeit with different compositions. EU exports are concentrated in sea and air transport services, particularly freight-related activities, while Thailand’s exports to the EU are more closely linked to passenger transport and tourism-related travel.

The sector is governed by a complex mix of international agreements and domestic regulation, which currently constrains market access. While these frameworks limit the scope for immediate deep liberalisation, FTAs can facilitate gradual reforms, particularly in specific transport-related service subsectors, including cargo handling, storage and warehousing, freight forwarding and other auxiliary services to transport, where targeted commitments may generate efficiency gains.

## Travel services

Travel services dominate Thailand's services exports to the EU, having recovered strongly following the COVID-19 pandemic shock. In balance-of-payments terms, travel services capture expenditure by EU residents in Thailand, including accommodation, food and beverage services, local transport and other tourism-related activities. Passenger transport is recorded separately under transport services.

These travel-related flows are only indirectly affected by FTAs, as they depend primarily on income effects, mobility conditions, visa regimes and broader macroeconomic developments, rather than negotiated market access commitments. Direct liberalisation effects are thus expected to be limited.

## Financial services and insurance

Financial and insurance services account for around 4% of EU services exports to Thailand, representing a moderate share of bilateral services trade. Financial and insurance services remain important from a market-access perspective because they are highly regulated and closely linked to commercial presence. EU exports exceed imports from Thailand in these categories, particularly in financial services and reinsurance. Market access in Thailand is shaped by prudential regulation, licensing requirements, foreign ownership restrictions and authorisation procedures, meaning that the value of FTA commitments in this sector depends less on current trade volumes than on the conditions governing establishment and the provision of specialised financial services.

Market access is shaped by prudential regulation, licensing requirements and foreign ownership restrictions. While FTAs typically do not lead to full liberalisation in financial services, commitments on transparency, non-discrimination and regulatory dialogue, as well as binding existing levels of liberalisation, can improve predictability and reduce compliance costs.

### 3.1.8 Existing services schedules and NTMs

This section reviews Thailand's formal services commitments under WTO agreements[14] and under the Thailand–European Free Trade Association (EFTA) FTA[15], focusing on Mode 1 (cross-border supply), Mode 3 (commercial presence) and Mode 4 (presence of natural persons). Mode 2 (consumption abroad) is excluded. The analysis precedes the discussion of NTMs by clarifying the broader legal boundaries of market access and national treatment set out in Thailand's services schedules[16].

#### WTO baseline commitments

Thailand's WTO commitments are anchored by extensive horizontal limitations (see Table 16, Annex 1). For Mode 3, the default framework requires establishment through a Thai-registered limited liability company, with foreign equity participation not exceeding 49% and the number of foreign shareholders less than half of total shareholders, unless a sector-specific entry provides otherwise. For Mode 4, commitments are generally unbound, except for narrowly defined categories such as short-term business visitors and intra-corporate transferees, subject to conditions and time limits. Restrictions on land ownership by foreign nationals and companies deemed foreigners are also reflected at the horizontal level, with leasing permitted.

Across major services sectors, this structure results in a cautious multilateral baseline. Commitments under Mode 1 are frequently unbound, Mode 3 commitments typically operate within the 49% foreign equity ceiling and domestic establishment requirements, and Mode 4 access remains limited to the horizontal carve-outs.

This pattern is reflected in key backbone sectors. In telecommunications services, commitments are subject to licensing regimes and foreign equity limitations, with market access generally conditional on establishment under Thai law. Financial services are scheduled within a prudential framework that preserves wide regulatory discretion, with commercial presence subject to ownership caps and authorisation requirements. In

(14) WTO, 'Schedules of specific commitments and lists of Article II exemptions', 2026, https://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm.

(15) EFTA, 'EFTA-Thailand FTA', 2026, https://www.efta.int/trade-relations/free-trade-network/thailand.

(16) Mode of supply (WTO General Agreement on Trade in Services, GATS) considered in this analysis: Mode 1: Cross-border supply (services supplied from the territory of one Member into another); Mode 3: Commercial presence (services supplied through establishment in the host country); Mode 4: Presence of natural persons (temporary entry of service suppliers).

business and professional services, including consulting and technical services, commitments are selective and largely channelled through Mode 3 within the horizontal investment regime. Computer and related services are scheduled more extensively than many other sectors, but still primarily through commercial presence and subject to general establishment and ownership constraints.

In transport services, including maritime transport, international passenger and freight services are scheduled, but Thai-flag fleet operations remain unbound and other forms of commercial presence are subject to the horizontal regime. Selected auxiliary maritime services are listed, again largely within the same establishment and ownership constraints.

### Commitments under the Thailand–EFTA FTA

Thailand's services schedule under the Thailand–EFTA FTA preserves the overall structure of horizontal safeguards found in the WTO baseline (see Table 17, Annex 1). Establishment under Mode 3 generally requires a Thai-incorporated and registered entity, with foreign equity up to 49% unless otherwise specified at sector level. The schedule also reflects domestic requirements related to licensing, corporate governance and foreign investment rules. Commitments under Mode 4 remain largely unbound.

The Thailand–EFTA FTA introduces selective 'WTO-plus' commitments in specific services activities (see Table 18, Annex 1). These additional commitments are concentrated mainly in business services and selected transport-related activities, and take the form of higher foreign equity caps under Mode 3 compared to Thailand's WTO baseline.

In business services, Thailand permits higher levels of foreign ownership for specific subsectors, including management consulting services, technical testing and analysis and the sale of internet advertising space, where commitments allow either up to 100% foreign equity or up to 70% foreign equity through joint venture structures with a Thai juridical person, subject to licensing and domestic regulatory requirements. These entries go beyond Thailand's multilateral commitments, which typically limit foreign participation to minority ownership.

In transport-related services, the EFTA schedule includes targeted openings in maritime-related auxiliary activities, such as leasing of vessels without crew for international use and selected supporting services linked to international transport operations. These commitments relax ownership constraints relative to the WTO baseline, while core sensitivities remain unchanged: activities linked to Thai-flag fleet

operations, cabotage and domestic maritime transport continue to be unbound or subject to strict horizontal limitations.

### Comparative assessment

Taken together, the schedules reveal a consistent pattern in Thailand's services policy. The WTO schedule establishes a restrictive multilateral baseline characterised by broad horizontal constraints, limited Mode 1 openness and highly circumscribed Mode 4 access. The Thailand–EFTA FTA demonstrates that Thailand has been willing to deepen commitments selectively, primarily through higher foreign equity ceilings under Mode 3 in specific sectors, while maintaining the overall regulatory architecture. This comparison provides a practical benchmark for assessing the potential scope and sequencing of services commitments in the EU–Thailand FTA.

## 3.1.9 NTMs affecting services trade

Services trade in Thailand is shaped by a combination of explicit legal restrictions and regulatory and administrative measures. Under the Foreign Business Act, certain activities in List 1 are fully closed to foreign participation and others (including land ownership) are subject to outright prohibitions. Beyond these explicit restrictions, market access across a wide range of services sectors is influenced by licensing and authorisation requirements, foreign equity limitations and sector-specific regulatory regimes. Many of these requirements apply equally to domestic and foreign providers and pursue legitimate regulatory objectives, such as consumer protection, prudential oversight or professional standards. However, they can still increase compliance costs and administrative burdens for foreign suppliers, particularly where procedures are complex, non-transparent or differ from international practice. Certain measures, such as foreign equity restrictions, local presence requirements or limitations on specific modes of supply or discriminatory licensing requirements, may affect foreign providers more directly by constraining market entry or expansion opportunities.

Licensing and authorisation requirements play a central role across transport, communications, financial services and business services. Entry into these sectors often requires prior approval from sectoral regulators or line ministries, with conditions that may limit the scope of permitted activities or impose local presence requirements. In some cases, these sector-specific approvals are complemented by an additional layer of authorisation under the Foreign Business Act, requiring approval from the Foreign Business Committee. This results in a system of overlapping or 'double licensing' requirements, which can increase administrative complexity, extend approval timelines and heighten regulatory uncertainty for foreign investors. Foreign equity caps

and restrictions on management control further constrain EU establishment in Thailand and can reduce competitive pressure, particularly in capital- and network-intensive sectors.

In transport services, including maritime transport and auxiliary port and logistics services, regulatory measures affect both market structure and operational conditions[17]. Thailand has invested significantly in ports, logistics and connectivity, but policies such as cargo reservation practices and the prominent role of state-owned enterprises (SOEs) continue to shape market outcomes. Administrative procedures related to customs, documentation and interaction with state-controlled operators can indirectly increase costs for international shipping, logistics and auxiliary maritime service providers.

In telecommunications and digital services, regulatory conditions are characterised by high market concentration and limits on foreign participation. Although infrastructure development and digital adoption have progressed, regulatory frameworks and ownership restrictions constrain entry and expansion by foreign service suppliers. These factors function as NTBs by limiting scalability, innovation and competitive dynamics, rather than through explicit restrictions on service provision.

Financial services, including banking and insurance, are characterised by relatively restrictive regulatory frameworks and limitations on foreign participation. Market access is shaped by licensing requirements, prudential regulations and approval procedures administered by sectoral regulators, including the Bank of Thailand and the Office of Insurance Commission[18]. Foreign equity limitations, restrictions on the establishment of branches and subsidiaries, and conditions attached to licensing approvals can constrain the commercial presence and operational flexibility of foreign financial institutions. In practice, these measures may limit competition and reduce opportunities for foreign providers to scale operations or introduce new financial products and services. While prudential regulation plays an important role in maintaining financial stability, aspects of

(17) Maritime transport and related services in Thailand are governed primarily by the Thai Merchant Marine Act, complemented by sector-specific legislation such as the Carriage of Goods by Sea Act B.E. 2534 (1991) and the Prevention of Pollution from Ships Act B.E. 2535 (1992). These laws regulate ship registration, carriage of goods, safety standards, environmental protection and liability regimes, and reflect Thailand's participation in key international maritime conventions. Maritime disputes may be resolved through arbitration, mediation, or litigation before Thai courts. This legal framework defines the regulatory conditions under which maritime and auxiliary shipping services operate in Thailand. Given their economic and systemic relevance, maritime transport and related services will be assessed in greater detail in a dedicated case study.

(18) Chambers and Partners, 'Financial Services Regulation 2025', 2025, https://practiceguides.chambers.com/practice-guides/financial-services-regulation-2025/thailand.

the current framework can also function as NTBs by increasing compliance costs, reducing regulatory predictability and limiting market contestability for foreign suppliers.

Overall, NTMs affecting services in Thailand are most usefully understood as a combination of structural and procedural constraints embedded in regulatory frameworks, alongside explicit legal restrictions in certain areas. Their economic significance lies in their cumulative impact on entry conditions, operating costs and competitive neutrality. As such, they are relevant candidates for commitments in a comprehensive trade agreement, including horizontal disciplines on market access, national treatment, MFN treatment and the prohibition of certain performance requirements. These provisions are typically complemented by regulatory cooperation, transparency commitments and sector-specific liberalisation, including in areas where services play a key enabling role for goods trade and GVCs.

### 3.1.10 Investment barriers and opportunities

From an EU reporting perspective, Thailand-related FDI stocks in 2024 point to a clear asymmetry between outward and inward investment positions. EU investors held EUR 26.5 billion in direct investment abroad (DIA) in Thailand, reflecting EU-owned equity, reinvested earnings and intercompany positions in Thai entities[19]. By contrast, Thai investors held EUR 8.4 billion in direct investment in the reporting economy (DIRE), representing Thai-owned investment positions located within the EU[20].

(19) This descriptive analysis draws on Eurostat FDI statistics compiled on an annual basis, expressed in EUR million, and covering all FDI activities under NACE Rev. 2. FDI statistics reported here are based on Eurostat data compiled on an immediate-counterpart basis, i.e. investment is attributed to the country of the direct investing entity rather than to the country of the ultimate controlling investor. Investment routed through intermediate holding companies or regional headquarters is recorded according to the location of those entities. This approach is consistent with balance-of-payments reporting and ensures comparability across countries and time. Eurostat does not provide FDI statistics allocated to the ultimate investing country; figures reported by other institutions using an ultimate-investor concept are not directly comparable to the data used in this assessment. When investment is allocated to the ultimate investing country, EU investment stocks in Thailand are substantially higher. According to European Commission estimates, the stock of EU outward FDI in Thailand amounted to EUR 24.9 billion in 2023, making Thailand one of the EU's most important investment destinations in ASEAN; European Commission: Directorate-General for Trade and Economic Security, 'EU trade relations with Thailand. Facts, figures and latest developments', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/thailand_en.

(20) Eurostat's published net FDI positions summarise these relationships from two complementary balance-sheet views. Net FDI outward (DIA) for Thailand amounted to EUR 24.1 billion, indicating

ASEAN continues to attract comparatively resilient investment inflows, supported by its significant role in global manufacturing and regional supply chains, although investment remains unevenly distributed across Member States and sectors. Thailand is a key beneficiary of these dynamics, reflecting its longstanding position as a regional production hub for automotive, electronics, machinery and agro-processing activities, as well as its well-developed logistics and industrial infrastructure. At the same time, investment inflows into Thailand have been more concentrated in established manufacturing activities than in higher-value services and digitally enabled sectors, pointing to the continued importance of regulatory conditions, ownership restrictions and services-sector openness in shaping the composition and upgrading of FDI[21].

## Structural investment barriers

International evidence suggests that this investment pattern is not driven by cost factors alone, but also reflects a set of structural and regulatory constraints affecting investment decisions. Global assessments point to rising policy uncertainty, regulatory fragmentation and complex approval procedures as key factors shaping investor behaviour in emerging and middle-income economies, including in South-East Asia. In Thailand's case, these constraints have tended to favour incremental expansion in established manufacturing activities over new greenfield investment in higher-value services, digital activities, and infrastructure-intensive sectors[22].

The World Bank Investment Policy and Regulatory Review on Thailand[23] outlines several legal provisions which can impact investment activity in the country:

that EU outward investment assets linked to Thailand substantially exceeded outward-type liabilities associated with Thai investors. At the same time, net FDI inward (DIRE) stood at EUR 4.8 billion, showing that Thai investors maintain a non-negligible inward investment presence in the EU-27 relative to inward-type assets linked to Thailand. These two net measures are derived from different sides of the FDI balance sheet and do not mechanically offset one another, but, rather, capture distinct aspects of investment exposure.

(21) ASEAN, 'ASEAN Investment Report 2025', 2026, https://asean.org/wp-content/uploads/2025/10/AIR2025_rev17-Okt.pdf.

(22 OECD, 'OECD Economic Surveys: Thailand 2025', OECD Publishing, Paris, 2025, https://www.oecd.org/en/publications/oecd-economic-surveys-thailand-2025_426b9bc0-en.html.

(23) World Bank, 'Investment Policy and Regulatory Review Thailand', 2022, https://documents1.worldbank.org/curated/en/099250201122357540/pdf/P17393800d5ab40b90b37b0df5c794bbb73.pdf.

- foreign ownership restrictions,
- entry and establishment rules,
- licensing and approval procedures,
- services-sector constraints, and
- institutional fragmentation.

These features are slow-moving by design and remain highly relevant for explaining why Thailand's FDI profile is manufacturing-heavy and less services- or digital-intensive.

Stakeholders from business and services sectors consistently identified restrictions on establishment, foreign equity participation, licensing procedures and regulatory approval processes as among the most significant barriers affecting commercial activities in Thailand. Respondents frequently highlighted the importance of services liberalisation, investment facilitation, digital trade and regulatory transparency, suggesting that the potential economic benefits of the FTA could extend beyond those captured by tariff-focused modelling exercises.

International assessments identify foreign ownership restrictions and regulatory complexity as important constraints on investment in Thailand. The WTO Secretariat's 2025 Trade Policy Review describes Thailand's foreign investment regime as restrictive and complex, with the Foreign Business Act continuing to impose prohibitions, licensing requirements and foreign ownership restrictions across a range of economic activities. The OECD similarly finds that Thailand's FDI regime remains considerably more restrictive than the OECD average, with restrictions particularly relevant in several services sectors. These constraints can affect the form of foreign market entry and contribute to greater reliance on joint ventures and other locally established structures.

A central constraint identified across assessments is the prevalence of foreign ownership restrictions, particularly under Thailand's Foreign Business Act. These restrictions affect practically all services sectors that are critical for productivity growth and value-chain integration, including telecommunications, transport, professional services and parts of the financial sector. Equity caps, board composition requirements and licensing conditions limit foreign control and shape entry strategies, often favouring joint venture structures. While these provisions reflect longstanding policy objectives, they continue to influence the sectoral composition of FDI and help to explain the concentration of inflows in manufacturing rather than services-intensive activities.

Beyond formal ownership limits, regulatory complexity and administrative procedures represent a significant investment barrier. The US assessment points to overlapping mandates across ministries and regulators, extensive licensing and approval requirements, and limited transparency in administrative decision-making. Although Thailand has made progress in streamlining business registration and investment promotion processes, investors continue to report uncertainty related to the interpretation and enforcement of sector-specific rules, particularly in competition policy, customs procedures and sectoral regulation. These factors raise compliance costs and tend to discourage investment projects that require long planning horizons or substantial sunk costs.

SOEs partly shape the competitive and investment landscape. SOEs remain active in key network industries, including energy, transport, telecommunications and finance, and often operate under governance frameworks that differ from those applied to private firms. OECD evidence suggests that this can reduce market contestability and create competitive distortions, particularly in network industries and infrastructure-related services that are key enablers of trade and investment. According to the US assessment, differences in regulatory treatment, access to finance and market privileges can reduce contestability and create competitive distortions. While Thailand has adopted competition law provisions applicable to SOEs, their practical application remains uneven, which can affect investor confidence in sectors where SOEs play a dominant or strategic role.

Uncertainty surrounding digital regulation and data governance has emerged as an increasingly relevant barrier for future-oriented investment. Whhile Thailand has not imposed broad data localisation mandates, ambiguity in implementing regulations and enforcement practices could affect investment decisions in data-intensive and digitally enabled services. As global investment increasingly shifts towards digital, services-linked and innovation-driven activities, regulatory predictability in these areas is likely to play a growing role in shaping Thailand’s investment profile.

These factors tend to discourage investment in activities that require long-term commitments, complex supply-chain coordination or substantial intangible assets.

At regional level, ASEAN-wide evidence indicates that regulatory fragmentation, differences in standards and limited mutual recognition continue to constrain the development of integrated regional supply chains. While ASEAN has attracted resilient

investment inflows, persistent gaps in skills availability, logistics capacity and regulatory coordination affect the distribution and quality of FDI across its member states[24].

Sector-specific evidence from the ASEAN Energy Investment 2025 report illustrates how regulatory and institutional barriers affect investment outcomes. Across ASEAN, energy investment is constrained by fragmented regulatory frameworks, uneven market rules, high perceived political and regulatory risk, and limited transparency in permitting and licensing procedures[25].

Although relatively advanced in terms of industrial capacity and infrastructure, Thailand is not immune to these challenges. The ASEAN report identifies regulatory uncertainty, complex approval processes and inconsistent policy signals as key deterrents to scaling up long-term investment, particularly in renewable energy and low-carbon technologies that are increasingly relevant for foreign investors with sustainability objectives.

Foreign investors in the EU may likewise encounter regulatory requirements related to investment screening, sector-specific authorisations, public procurement rules, data governance and competition policy. In recent years, the EU and several Member States have strengthened foreign investment screening mechanisms for transactions involving critical infrastructure, advanced technologies, energy systems, telecommunications networks and other strategic sectors. In addition, foreign investors may face sector-specific restrictions or approval requirements in areas such as energy transmission networks, transport infrastructure, financial services, media and defence-related activities. The implementation of Regulation (EU) 2024/452 (Foreign Direct Investment Screening Regulation), national screening regimes in countries such as Germany, France, Italy, and Spain, cybersecurity-related restrictions affecting suppliers of telecommunications equipment, and regulatory requirements linked to data protection and digital infrastructure illustrate how public security, resilience and strategic autonomy considerations increasingly shape investment decisions within the EU. While these measures generally pursue legitimate public policy objectives and are typically less focused on ownership restrictions than those in Thailand, they may nevertheless affect market entry conditions and investment planning for foreign investors, including those from Thailand. These issues are considered separately in the policy options section.

(24) ASEAN, ‘ASEAN Investment Report 2025’, 2026, https://asean.org/wp-content/uploads/2025/10/AIR2025_rev17-Okt.pdf.

(25) ASEAN, ‘ASEAN Energy Investment 2025’, 2025, https://aseanenergy.org/publications/asean-energy-investment-2025.

## Investment liberalisation under the EFTA–Thailand FTA

The EFTA–Thailand FTA offers a useful benchmark for assessing the extent to which Thailand has addressed investment-related barriers through trade agreements. While that agreement does not alter the core structure of Thailand's investment regime, it introduces binding commitments that improve legal certainty and lock in existing levels of openness, particularly in services sectors relevant for commercial presence and cross-border activity.

Under Annex 8 to the EFTA-Thailand FTA, Thailand maintains its horizontal framework under the Foreign Business Act, including the general 49% foreign equity ceiling, but specifies sector-level exceptions and conditions that provide greater clarity for investors. In selected business and professional services, foreign equity participation of up to 70% is permitted, typically through joint venture structures. More permissive treatment is provided in parts of computer and related services, where up to 100% foreign ownership is allowed, subject to licensing and regulatory conditions. These commitments modestly reduce ownership-related uncertainty, particularly for digitally enabled activities.

The FTA improves the investment environment through commitments on the temporary movement of natural persons, including intra-corporate transferees and business visitors, supporting the operation and management of foreign affiliates. At the same time, key restrictions related to land ownership, nationality requirements and the role of SOEs are explicitly preserved. Overall, the EFTA–Thailand FTA illustrates that, to date, investment barrier reduction has focused on incremental liberalisation and regulatory clarity, rather than comprehensive structural reform. For the SIA, this suggests that an EU–Thailand FTA could generate benefits primarily through targeted services and investment commitments, regulatory and transparency provisions and regulatory cooperation, rather than through broad-based investment liberalisation.

## Investment opportunities and implications for the SIA and EU trade negotiations

Thailand is an important investment destination within ASEAN, particularly in manufacturing, automotive, electronics and selected digital-related activities. As global FDI has slowed, investment in digitally enabled and technology-intensive activities has shown greater resilience, reflecting the growing importance of data-driven services, advanced manufacturing and integrated supply chains. Thailand has benefited from these trends through its established role as a regional production and logistics hub and its integration into global and regional value chains.

Evidence indicates that investment in higher-value, services-linked and digitally enabled activities in Thailand remains sensitive to regulatory predictability, ownership conditions and the coherence of services and investment regulation. Experience under the EFTA–Thailand FTA suggests that while Thailand has locked in existing openness and undertaken targeted liberalisation in selected services and digital-related sectors, broader structural constraints in services, network industries and data-relevant regulation have largely been preserved. As a result, investment expansion has tended to favour established manufacturing activities rather than more innovation-intensive segments.

For the purposes of the SIA, this implies that the potential investment effects of an EU–Thailand FTA are likely to be driven primarily by non-tariff and regulatory channels. Commitments that enhance transparency, improve regulatory predictability, facilitate commercial presence in services and support digitally enabled investment (i.e. building on but potentially going beyond the precedents set in the EFTA–Thailand agreement) will be relevant for shaping future investment dynamics.

### 3.1.11 Public procurement

Public procurement plays a significant and growing role in Thailand's economy. According to WTO evidence[26], government procurement expenditure increased by approx. 37% between 2019 and 2024, reaching a level equivalent to more than 8% of GDP. Procurement activity is spread across central government entities, SOEs and sub-central authorities, with infrastructure, transport, energy, healthcare and construction accounting for a substantial share of total spending. Procurement is increasingly used as a policy instrument to support broader economic objectives, including industrial development, SME participation and environmental goals.

Access to Thailand's public procurement market remains restrictive for foreign suppliers. Thailand is not a party to the WTO Agreement on Government Procurement and foreign participation is subject to domestic rules that include local presence requirements, registration obligations, and, in practice, a strong preference for domestic suppliers[27].

(26) WTO, 'Trade Policy Review: Thailand', 2025, https://www.wto.org/english/news_e/news_docs/s480_e.pdf.

(27) Ibid.

Procurement regulations allow for price preferences, set-asides[28] and local content considerations, particularly in favour of SMEs and domestically produced goods. While tender procedures are governed by a central legal framework and increasingly conducted through electronic platforms, foreign firms often face higher administrative and compliance costs than local competitors[29].

Transparency and procedural predictability have improved in recent years, notably through the expansion of e-procurement systems and enhanced anti-corruption safeguards. Nevertheless, international assessments highlight that procurement processes can vary across procuring entities, with discretionary elements in tender design, technical specifications and award criteria. The US International Trade Administration notes that foreign suppliers frequently rely on local partners or agents to navigate procurement procedures, particularly for large infrastructure or government-linked projects, reflecting both formal requirements and informal market practices[30].

The EFTA–Thailand FTA does not provide market-access commitments for government procurement. Its procurement-related provisions are limited to cooperation and transparency, including information exchange, dialogue and efforts to improve understanding of the parties' respective procurement systems. They do not establish binding obligations on non-discrimination or access to procurement markets and therefore leave Thailand's existing domestic preferences and participation conditions unaffected. The agreement consequently provides no precedent for procurement market opening in the context of the EU–Thailand FTA.Public procurement markets in the EU present certain barriers for foreign suppliers. While the EU is a party to the WTO GPA and generally provides a high degree of transparency and non-discrimination, foreign firms may still face challenges related to complex tender documentation, qualification requirements, technical specifications, language requirements and sector-specific regulatory obligations. In recent years, the EU has also introduced new instruments reflecting concerns about reciprocity, foreign subsidies, supply-chain security and strategic autonomy, including the International Procurement Instrument (IPI) and Regulation (EU) 2022/2560 (Foreign Subsidies Regulation). Although these measures pursue legitimate policy objectives and differ substantially from the domestic

(28) Set-asides are public procurement rules that reserve all or part of a contract for specific categories of suppliers, rather than opening it to all bidders.

(29) US ITA, 'Thailand Country Commercial Guide', 2024, https://www.trade.gov/country-commercial-guides/thailand-trade-barriers.

(30) Ibid.

preference mechanisms applied in Thailand, they could affect procurement opportunities for suppliers from third countries, including Thailand.

Any potential effects of an EU–Thailand FTA on public procurement are likely to depend primarily on improvements in transparency, procedural clarity and regulatory cooperation rather than on immediate market access liberalisation. The extent to which procurement-related provisions can reduce information barriers, enhance predictability and facilitate participation by foreign suppliers, particularly in infrastructure, digital and environmental projects, will be an essential element in assessing the FTA's broader economic implications.

## 3.2 Impact assessment

### 3.2.1 CGE modelling results

The CGE analysis examines two stylised liberalisation assumptions, referred to as the conservative and ambitious scenarios. They are modelling constructs rather than descriptions or predictions of the outcome of the ongoing negotiations. The tariff and non-tariff barrier reductions applied in the simulations are intended to approximate different degrees of effective market opening. In sensitive sectors, a modelled reduction in the tariff equivalent may also approximate the economic effect of managed liberalisation through instruments such as tariff-rate quotas rather than an across-the-board reduction in the applicable tariff.

To capture a realistic range of possible outcomes, the CGE modelling applies two liberalisation scenarios – a conservative and an ambitious scenario. These scenarios do not represent predictions, but, rather, structured policy assumptions reflecting different levels of ambition in an EU–Thailand FTA.

The conservative scenario assumes substantial but incomplete liberalisation. Tariffs are reduced significantly across most sectors, but meaningful residual protection remains in politically sensitive areas. On the EU side, tariffs on Thai exports are modelled to fall sharply but are not fully eliminated for key agri-food products. For example, rice tariffs are assume to decline from around 15% to about 11%, sugar from roughly 35% to 26%, and poultry from 17% to about 13%. Similarly, tariffs on tuna-based products and sensitive processed foods are assumed to remain elevated compared to other sectors.

On the Thai side, the initial level of protection is considerably higher, and reductions, while substantial, still leave residual barriers in several sectors. For example, tariffs on EU exports of red meat are modelled to fall from about 34% to 26%, pork from roughly 44% to 33%, and cars and trucks from over 40% to around 31%. Even after

liberalisation, these sectors remain relatively protected, reflecting their political sensitivity.

NTB reductions in the conservative scenario are modest and targeted. For EU exports to Thailand, reductions range from approx. 0.4 to 0.9 percentage points (pp) in AVE terms across sectors such as manufacturing, chemicals, machinery and services-related activities. These changes capture incremental improvements in customs procedures, regulatory transparency and technical requirements, rather than deep regulatory integration.

The ambitious scenario assumes a more comprehensive liberalisation effort. Tariffs are reduced further, essentially via deeper cuts in sensitive areas, although full elimination is not always achieved. On the EU side, tariffs on Thai rice fall further to about 8%, sugar to around 17%, and poultry to roughly 9%, while protection for processed food and fish products is also significantly reduced.

On the Thai side, modelled tariff reductions are more pronounced but still reflect structural sensitivities. Tariffs on EU red meat decline to around 17%, pork to approx. 22%, and cars and trucks to about 21%. In some sectors, such as pharmaceuticals, tariffs are reduced but not eliminated, indicating continued regulatory and policy constraints. At the same time, many industrial goods such as machinery, chemicals and electronics approach near-zero tariff levels.

NTB reductions are modelled more substantial in the ambitious scenario, ranging from approx. 1.0 to 2.2 pp in AVE terms for EU exports to Thailand. The largest reductions are observed in sectors such as electrical equipment, machinery and other manufacturing industries, reflecting stronger assumptions about regulatory cooperation, alignment of standards and more efficient border processes.

Across both scenarios, liberalisation is explicitly sector-specific rather than uniform, reflecting actual protection levels, political sensitivities and modelling adjustments where baseline tariff data do not fully capture real-world barriers. Significantly, NTB reductions are modelled asymmetrically, applying primarily to EU exports to Thailand. This reflects the relatively higher initial level of regulatory and procedural barriers in the Thai market and is consistent with the structure of many EU trade agreements.

Some results reflect the fact that sectors are linked to one another through supply chains. The CGE model assumes that when trade barriers are reduced, firms and consumers adjust their behaviour across the whole economy. This means that additional production in one sector may be used by other expanding sectors rather than being exported. For example, if processed food industries grow following liberalisation, they may purchase more rice as an input. As a result, rice production may increase

while rice exports grow more slowly, or even decline relative to the baseline, because more output is consumed domestically. Such outcomes do not indicate a loss of competitiveness, but, rather, reflect changing patterns of production, consumption and trade across the economy.

#### 3.2.1.1 Projected changes in EU bilateral goods exports

The CGE simulations suggest that an EU–Thailand FTA is expected to increase bilateral trade flows in both directions. These results should be interpreted as model-based projections, not as certain outcomes. Their magnitude and distribution depend on the depth of liberalisation, sector-specific sensitivities and existing trade patterns. See Annex 1, 1.6.1., Table 23 for CGE results on changes in bilateral exports.

Under the conservative scenario, EU-27 exports to Thailand are estimated to increase by around USD 11.4 billion (+41%), while Thailand's exports to the EU are projected to increase by around USD 7.0 billion (+23%), relative to baseline trade flows. Under the ambitious scenario, EU exports are projected to rise by around USD 14.4 billion (+52%), while Thai exports increase by around USD 7.5 billion (+25%). This asymmetry reflects both higher initial protection in Thailand and stronger responsiveness of EU exports to deeper liberalisation.

The simulations suggest that EU export gains would be concentrated in automotive goods, industrial inputs and selected agri-food sectors. The largest projected increase is in cars and trucks, where EU exports to Thailand are expected to rise by around USD 1.9 billion (+70%) under the conservative scenario and USD 4.9 billion (+175%) under the ambitious scenario, from a baseline of around USD 2.8 billion. This reflects high initial levels of Thai protection and strong demand effects. The increase is primarily driven by trade creation, although some degree of trade diversion is likely as EU suppliers gain market share relative to third-country exporters.

A similar pattern is observed in car parts, where EU exports are projected to increase by around USD 1.0 billion (+350%), suggesting deeper integration into Thai automotive value chains. In chemical products, EU exports are estimated to increase by around USD 1.8 billion (+50%), indicating large absolute gains, driven mainly by tariff reductions, with limited additional sensitivity to deeper liberalisation. Significant projected increases are observed in rubber and plastic products (around USD 715 million, +88%), leather products (around USD 470 million, +155%), textiles and wearing apparel (around USD 400 million, +240%) and machinery (around USD 400 million, +11%), the latter reflecting a large initial trade base.

Agri-food exports account for an important share of the projected EU gains. The most prominent estimated increase is in dairy products, where exports are projected to rise by around USD 980 million (+515%), from a baseline of around USD 190 million.

On the Thai import side, dairy and pigmeat are politically sensitive sectors, although the modelling assumes substantially deeper liberalisation for dairy than for pigmeat. EU exports of vegetables and fruit to Thailand are projected to increase by around USD 350 million (+1,360%), although this very high relative increase reflects a very low baseline. EU exports of other processed foods are projected to increase by around USD 650 million (+117%), indicating strong demand effects in higher-value agri-food segments.

The modelling also accounts for political sensitivities on both sides of the agreement. On the Thai import side, managed liberalisation applies to sensitive products including pigmeat and certain processed foods. On the EU import side, sensitive Thai exports include poultry, rice, sugar, tuna-based products and certain processed foods. For these products, modelled tariff reductions approximate the economic effects of instruments such as tariff-rate quotas, rather than implying full tariff elimination or a specific post-FTA duty level.

#### 3.2.1.2 Projected changes in Thai bilateral exports

On the Thai side, the simulations suggest that export gains would be concentrated in automotive products, manufacturing sectors and agri-food exports. The largest projected increase is in cars and trucks, where Thai exports to the EU are expected to rise by around USD 2.5 billion (+96%) under the conservative scenario and USD 2.7 billion (+104%) under the ambitious scenario, from a baseline of around USD 2.6 billion. This indicates strong two-way expansion in the automotive sector. These gains reflect a combination of trade creation and trade diversion, given the importance of third-country suppliers in EU automotive imports.

Thai exports of other processed foods are projected to increase by around USD 920 million. This is a broad model aggregate covering a range of processed food products not represented separately, potentially including products such as cereal-based foods, bakery products, confectionery and other prepared foods.

Additional gains are projected in machinery (around USD 718 million, +14%), transport equipment (around USD 478 million, +52%), non-ferrous metals (around USD 340 million, +24%), rubber and plastics (around USD 270 million, +19%) and chemical products (around USD 265 million, +43%). In agri-food sectors, Thai export gains are projected for poultry meat, tuna-based products, other fish preparations and rice. Poultry exports are projected to increase by around USD 79 million (+22%) under the conservative scenario and USD 173 million (+47%) under the ambitious scenario. Tuna-based products show stronger gains under the ambitious scenario, increasing by around USD 155 million (+94%), while rice exports increase by around USD 40–100 million (+21-48%), depending on the scenario.

These agri-food results should be interpreted in conjunction with domestic production dynamics. For example, although Thai rice production increases in the simulations, part of the additional output is absorbed domestically as an intermediate input in expanding processed food and meat production, as well as through higher household demand. As a result, export gains may be partly reflected indirectly through processed food exports rather than direct rice shipments.

#### 3.2.1.3 Trade creation and trade diversion effects

The CGE simulations allow for a more precise identification of trade creation and trade diversion effects by comparing projected changes in bilateral exports with changes in total exports. These results should be interpreted as projections, not certain outcomes.

Overall, the estimation results suggest the presence of both trade creation and trade diversion, with their relative importance varying significantly across sectors and between the EU and Thailand.

For the EU, projected trade creation effects dominate in several key sectors, where increases in exports to Thailand are matched by increases in total exports. This is particularly visible in dairy products, where EU exports to Thailand are projected to increase by around USD 980 million, while total EU dairy exports increase by around USD 920 million under both scenarios. This close alignment suggests that the expansion of EU dairy exports to Thailand reflects largely new trade, supported by improved market access and underlying competitiveness, rather than a simple redirection of exports away from other markets.

A similar pattern is observed in vegetables and fruit, where EU exports to Thailand are estimated to increase by around USD 350 million, while total exports rise by around

USD 320 million, indicating strong trade creation despite the very low initial baseline. Chemical products also show predominantly trade-creating effects, with estimated bilateral export gains of around USD 1.8 billion and total export increases of around USD 1.3–1.4 billion, suggesting that a substantial share of the additional exports reflects expanded global competitiveness.

In contrast, projected trade diversion effects are likely to be more relevant in sectors where bilateral export gains are not matched by similar increases in total exports, or where total exports increase only modestly relative to bilateral flows. This pattern is observed in cars and trucks, where EU exports to Thailand are projected to increase by USD 1.5–3.9 billion, while total EU exports rise by a smaller amount. This suggests that part of the expansion reflects a reallocation of EU exports towards the Thai market, potentially at the expense of other destinations.

A similar pattern is observed in car parts, where estimated bilateral export gains of around USD 1 billion are accompanied by smaller increases in total exports (around USD 870 million). This indicates that the projected expansion reflects a combination of trade creation and partial reorientation across export markets, rather than purely new trade.

More pronounced diversion effects appear in sectors where total EU exports decline despite rising bilateral flows. For example, in machinery, EU exports to Thailand are estimated to increase (around USD 400 million), while total exports are estimated to decline under the ambitious scenario (around −USD 50 million). This suggests a clear reallocation of exports, rather than net expansion. The CGE results do not identify which individual third-country destinations account for this adjustment, so the reallocation should be interpreted as occurring between the bilateral market and the rest of the world rather than towards or away from specific countries. Similar patterns can be observed in computers and non-ferrous metals, where total exports fall while bilateral trade expands or remains stable.

For Thailand, the distinction is equally instructive. Strong trade creation effects are evident in sectors where both bilateral exports to the EU and total exports are projected to increase substantially. This is particularly the case for other processed foods, where exports to the EU are expected to increase by around USD 920 million, closely matched by a projected total export increase of around USD 930 million, indicating that most of the additional trade would reflect new export activity rather than displacement of other markets.

Similarly, in poultry meat, Thai exports to the EU are estimated to increase by up to USD 170 million, while total exports increase by a comparable amount, suggesting strong trade creation driven by improved market access. Tuna-based products also

show increasing trade creation under the ambitious scenario, with total estimated export growth (around USD 160 million) closely matching bilateral gains.

In contrast, sectors such as cars and trucks display a combination of trade creation and diversion. Thai exports to the EU increase by around USD 2.5–2.7 billion, while total exports increase by a larger amount (USD 3.1–4.4 billion). This suggests that, in addition to reorientation towards the EU market, Thai producers expand their global export capacity, implying a mix of trade creation and broader competitiveness gains.

More clearly diversion-driven patterns are observed in sectors where bilateral export gains coincide with declining total exports. For example, in machinery, Thai exports to the EU are estimated to increase significantly (around USD 700 million), while total exports decline or stagnate under the ambitious scenario. This indicates that exports are being redirected towards the EU market, rather than expanding overall. Similar dynamics are visible in transport equipment, where stable bilateral gains are accompanied by declining total exports under the ambitious scenario.

Several sectors show negative total estimated export effects despite positive bilateral flows, particularly in services and certain industrial goods. For example, both the EU and Thailand experience projected declines in total exports of other services, even though bilateral service trade increases slightly. This reflects broader general equilibrium adjustments, where resources are reallocated towards sectors with stronger comparative advantages under the FTA[31].

Overall, the CGE simulations suggest that the FTA would be expected to generate:

- Strong trade creation in agri-food sectors (dairy, processed foods, poultry, fish products) and selected manufacturing niches;
- Mixed effects in large industrial sectors such as automotive and chemicals, combining trade creation with partial diversion;
- Clear trade diversion in some capital-intensive sectors (machinery, metals, computers), where bilateral gains are offset by declining exports to third markets.

([31]) In a CGE model, the economy has a limited supply of labour, capital and other resources. When an FTA creates new opportunities in some sectors, resources tend to move towards those activities. This can increase exports in sectors with stronger competitive advantages, while reducing output or exports in other sectors. Consequently, total exports of a sector may decline even if bilateral exports to the FTA partner increase.

The estimation results also indicate that deeper liberalisation in the ambitious scenario tends to amplify both effects simultaneously: it increases overall trade creation, while intensifying and improving reallocation across markets and sectors.

#### 3.2.1.4 Changes in bilateral services trade

The CGE results indicate that the EU–Thailand FTA leads to only limited changes in services trade and domestic services output under both liberalisation scenarios. These findings should be interpreted with caution, as the standard Global Trade Analysis Project (GTAP) framework primarily captures cross-border services trade (notably Modes 1 and 2), while the effects of commercial presence (Mode 3), which account for a large share of services activity, are not explicitly modelled and are only indirectly reflected through investment and productivity channels.

Estimated changes in bilateral services trade are modest in both directions. EU exports of transport services to Thailand are esitmated to increase by around USD 8 million (approx. +5%) under both scenarios, while Thai exports of transport services to the EU are projected to rise by USD 4–5 million (around +1%). For other services, EU bilateral exports are estimated to increase by about USD 228 million (+4%) under the conservative scenario and USD 236 million (+4%) under the ambitious scenario, whereas Thai exports to the EU are estimated to increase by USD 9–12 million, largely unchanged in relative terms.

Consistent with these trade effects, domestic services output adjustments remain small in percentage terms, despite large absolute values reflecting the size of the services economy. In the EU, estimated output increases by USD 247 million in transport services and USD 1.25 billion in other services under the conservative scenario, rising to an estimated USD 292 million and USD 1.51 billion, respectively, under the ambitious scenario, with changes remaining close to 0% of baseline output. In Thailand, services output is estimated to increase by USD 216–275 million (+1%) in transport services and by USD 1.18–1.40 billion (+1%) in other services across the two scenarios. Overall, the modelling suggests that the FTA's economic effects are concentrated in goods-producing sectors, while services exhibit only marginal changes in both trade and output.

#### 3.2.1.5 Domestic output effects

The CGE simulations project changes in domestic output across sectors. These results should be interpreted as model-based reallocations of production, rather than precise forecasts. In general, output expands in sectors that benefit from improved export

opportunities or lower input costs and contracts in sectors facing stronger import competition or resource reallocation. See Annex 1, 1.6.2, Table 24 for detailed CGE results on domestic output).

For the EU, projected output gains are concentrated in dairy products, chemicals, car parts and services. Dairy output is estimated to increase by around USD 1.4 billion (approx. +0.5%), reflecting strong export expansion. Chemical output is projected to rise by around USD 1.3–1.6 billion (around +0.4%), while car parts production is esitmated to increase by around USD 730 million (+7%), indicating deeper integration into GVCs. At the same time, the simulations suggest output declines in sectors such as poultry, fish products and some processed foods, as well as an estimated decline in automotive production under the conservative scenario (−USD 0.5 billion), which turns into a positive estimated effect under the ambitious scenario (+USD 2.3 billion). Overall, the estimates point to moderate aggregate gains combined with sectoral reallocation, reflecting the large size and diversification of the EU economy.

For Thailand, the simulations indicate stronger structural adjustments and larger relative gains. Output in cars and trucks is projected to increase by around USD 2.8–2.9 billion (+8–9%), making it the single largest sectoral gain. Additional increases are estimated in machinery (around USD 800 million, +6%), other processed foods (around USD 840 million, +10%), and agricultural sectors, including rice (around +0.3–0.6%). Thailand also shows strong estimated gains in services, utilities and construction, reflecting broader economy-wide effects of increased trade and investment. By contrast, estimated output declines are observed in sectors such as dairy (−USD 640 million), chemicals (−USD 120–170 million) and non-ferrous metals, reflecting increased import competition and resource reallocation.

#### 3.2.1.6 Macroeconomic impacts on GDP

The CGE results indicate that the EU–Thailand FTA would generate positive GDP effects for both partners under both liberalisation scenarios. Under the conservative scenario, EU-27 GDP increases by approximately 0.005% (USD 1.9 billion), while Thailand’s GDP rises by around 0.38% (USD 2.5 billion). Under the ambitious scenario, the gains increase to approximately 0.006% (USD 2.4 billion) for the EU-27 and 0.51% (USD 3.0 billion) for Thailand. While modest in relative terms, these gains are economically meaningful and consistent with the partial and targeted nature of the simulated liberalisation. The stronger GDP response in Thailand reflects higher initial tariff protection, greater scope for efficiency-enhancing reallocation and the larger role of trade in the Thai economy. For the EU-27, gains are more moderate but remain

positive, driven primarily by improved export opportunities in manufacturing and selected agri-food sectors.

#### 3.2.1.7 Welfare effects and decomposition

Aggregate welfare effects, measured as equivalent variation in real income, are positive for both partners and broadly aligned with the GDP results. Total welfare gains amount to USD 1.9 billion for the EU-27 and USD 2.5 billion for Thailand under the conservative scenario, increasing to USD 2.4 billion and USD 3.0 billion, respectively, under the ambitious scenario.

Welfare gains are driven mainly by improvements in allocative efficiency and terms-of-trade effects.

Allocative efficiency gains arise from lower tariff distortions and a more efficient use of resources. Under the conservative scenario, these gains amount to approximately USD 832 million for the EU-27 and USD 1.9 billion for Thailand, rising to USD 988 million and USD 2.5 billion, respectively, under the ambitious scenario. Thailand's larger gains are consistent with its higher initial trade protection and greater scope for efficiency improvements.

Terms-of-trade effects contribute significantly to EU welfare gains, amounting to around USD 1.1 billion under the conservative scenario and USD 1.5 billion under the ambitious scenario. For Thailand, these gains are smaller, at USD 342 million and USD 246 million, respectively. This pattern reflects improved EU market access in highly protected Thai sectors and, under deeper liberalisation, stronger export expansion from Thailand moderating its relative price gains.

Productivity-related effects are small for both partners, reflecting the static nature of the CGE model. It does not fully capture potential longer-term effects on investment, innovation and productivity. The welfare estimates should therefore be interpreted mainly as static effects of the FTA rather than a comprehensive assessment of its longer-term economic impacts.

#### 3.2.1.8 Budgetary effects

The CGE framework does not explicitly model government budget positions. However, tariff liberalisation implies a reduction in tariff revenue, particularly for Thailand, where applied tariffs are higher at baseline. Consistent with findings from other EU SIAs, these

revenue effects are expected to be limited in macroeconomic terms and partly offset by increased trade volumes and broader economic activity.

For the EU, tariff revenue effects are expected to be modest, reflecting already low applied tariffs on most Thai imports. For Thailand, revenue effects are more pronounced in sensitive sectors but remain small relative to total government revenue.

### 3.2.2 Wider economic impacts considering liberalisation and regulatory cooperation efforts

Overall, the CGE results suggest that the EU–Thailand FTA would generate positive but moderate economy-wide GDP and welfare gains for both partners, with relatively larger benefits accruing to Thailand. Gains are driven primarily by improved allocative efficiency and favourable terms-of-trade effects. Deeper liberalisation under the ambitious scenario would scale up these effects without altering their fundamental composition.

CGE estimates reinforce the conclusion that FTA is likely to support incremental growth and welfare improvements, while leaving sufficient policy space to manage adjustment in sensitive sectors.

The simulations suggest that an EU–Thailand FTA is expected to deepen bilateral trade, strengthen value-chain integration and trigger structural adjustments in both economies.

The CGE modelling primarily captures the effects of tariff liberalisation and selected reductions in trade costs. However, many of the economically relevant barriers identified in the baseline assessment, particularly regulatory, procedural and administrative barriers, are difficult to quantify directly within standard modelling frameworks. Publicly available EU negotiating proposals suggest that the envisaged FTA may also seek to address areas such as customs facilitation, SPS procedures, conformity assessment, regulatory transparency, services regulation, digital trade and investment conditions. While the final negotiated outcome remains uncertain, these areas may influence the magnitude and distribution of economic effects beyond those captured in the quantitative simulations.

The baseline analysis indicates that for many high-value manufacturing sectors, including electronics, machinery and automotive products, effective market access is shaped by tariffs, as well as customs procedures, documentation requirements, licensing systems and administrative trade costs. The EU’s publicly available negotiating proposals on customs and trade facilitation emphasise simplification and

modernisation of customs procedures, electronic processing, transparency, risk management and cooperation between customs authorities. They also encourage greater standardisation and digitalisation of customs documentation and procedures. If implemented effectively, such measures could reduce clearance times, lower fixed compliance costs and improve the utilisation of tariff preferences, particularly in sectors characterised by fragmented global and regional value chains.

In agri-food sectors, the baseline assessment identifies SPS approval procedures, certification requirements, traceability obligations and administrative delays as important determinants of effective market access. The EU's negotiating proposals indicate that they could seek to strengthen transparency, improve information exchange and reduce procedural uncertainty in SPS-related approval processes. Proposed provisions include commitments related to publication of SPS requirements, timely approval procedures, communication between competent authorities and avoidance of undue delays in risk assessment and product approvals. While such measures would not alter the parties' right to maintain SPS protections, they could reduce compliance uncertainty and administrative costs for exporters, particularly in sectors where market access depends heavily on regulatory approval and certification procedures.

The baseline analysis shows that technical regulations, conformity assessment procedures, certification requirements and local testing obligations represent significant trade-cost factors in manufacturing sectors such as electronics, machinery, automotive products and medical technologies. The EU's publicly available negotiating proposals on TBT emphasise the use of international standards, transparency in technical regulation, public consultation procedures and proportionate conformity assessment mechanisms. They also encourage greater reliance on international accreditation systems and supplier declarations of conformity in selected areas. If reflected in the final agreement, such measures could reduce duplicate compliance costs and improve regulatory predictability for exporters operating in standard-intensive sectors.

The baseline assessment identifies foreign equity restrictions, licensing procedures, regulatory fragmentation and administrative approval requirements as important constraints affecting services trade and investment between the EU and Thailand. Publicly available EU negotiating proposals on services and investment suggest that the FTA could seek to address several of these issues through provisions related to market access, national treatment, establishment, operation of enterprises, domestic regulation and selected performance requirements. They emphasise legal predictability and regulatory transparency, while reaffirming the parties' right to regulate in pursuit of legitimate public policy objectives. Although the extent of eventual liberalisation remains uncertain, such provisions could influence investment conditions and commercial presence, particularly in services-intensive and digitally enabled sectors.

The baseline analysis highlights the growing importance of digitally enabled trade and the role of data governance, digital regulation and cross-border information flows in shaping modern services trade and investment. The EU's digital trade proposals seek to facilitate trade enabled by electronic means while limiting certain forms of unjustified data localisation requirements and restrictions on cross-border data flows. The proposals also include provisions related to electronic authentication, digital documentation and paperless trade. While the economic effects of such disciplines are difficult to quantify directly, they may reduce operational frictions and compliance costs for firms engaged in cross-border digital services, integrated supply chains and data-intensive business activities.

More broadly, publicly available EU proposals on good regulatory practices suggest an emphasis on transparency, public consultation procedures, regulatory coordination and consideration of the impacts of planned regulation, including on SMEs. While such provisions are unlikely to generate immediate measurable trade effects, over time they may contribute to greater regulatory predictability and reduced compliance uncertainty for firms operating across multiple jurisdictions.

### 3.2.3 Impact on cross-cutting issues

#### 3.2.3.1 LDCs and other third countries

The EU–Thailand FTA is not expected to generate significant adverse impacts on LDCs. Thailand is a middle-income economy with a diversified export structure and overlap with LDC export profiles is limited. Potential effects on LDCs are concentrated in a limited number of agri-food products where improved EU market access for Thailand may erode existing preference margins or divert some trade away from LDC suppliers. These effects are expected to remain narrow rather than resulting in broad-based competitive displacement.

Potential exposure is concentrated in a narrow set of agri-food and fisheries products, including rice, sugar, tuna and selected processed foods, where both Thailand and LDCs export, or have a potential to export, to the EU market. However, the CGE results indicate that tariff liberalisation for Thai exports in these sectors remains partial even under the ambitious scenario, and absolute increases in Thai exports would remain modest relative to total EU import volumes. Product differentiation further limits the scope for direct substitution between Thai and LDC exports.

The EU grants extensive unilateral trade preferences to LDCs through the Everything But Arms (EBA) initiative[32], which provides duty-free, quota-free access for all products except arms and ammunition. The EU–Thailand FTA does not alter this preferential regime. From a tariff and legal perspective, LDCs retain structurally more favourable access to the EU market than Thailand, whose access improvements remain conditional on negotiated tariff schedules, rules of origin and regulatory requirements.

Recent evidence from UNCTAD[33] confirms that the effectiveness of non-reciprocal trade preferences for LDCs has been gradually diluted by the proliferation of FTAs and the declining importance of tariffs relative to NTMs. However, the same analysis shows that changes in tariff preferences alone rarely translate into significant trade or welfare effects for LDCs, as export performance is increasingly driven by supply capacity, compliance with regulatory requirements, rules of origin and participation in global and regional value chains. Marginal preference erosion associated with new FTAs involving middle-income partners is unlikely to be a decisive factor shaping LDC export outcomes, particularly where duty-free, quota-free access to the EU market is preserved.

EU imports from LDCs are concentrated in agri-food products, fisheries, textiles and apparel and selected raw materials. In these sectors, historical evidence from comparable FTAs suggests that increased imports from middle-income partners tend to expand overall import volumes rather than displacing LDC suppliers one-for-one.[34] EU–LDC trade outcomes are shaped primarily by supply capacity, logistics and compliance with SPS and sustainability requirements, which generally play a larger role than marginal changes in tariff preferences granted to other partners.

Overall, the EU–Thailand FTA is not expected to weaken EU trade relations with LDCs or generate significant negative spillovers for third countries. Potential preference-erosion effects are limited in scale and scope, while regional value-chain linkages suggest the possibility of modest indirect benefits for ASEAN partners. As in comparable EU SIAs, continued monitoring of sensitive agri-food sectors remains

(32) European Commission: Directorate-General for Trade and Economic Security, ‘Everything but Arms (EBA)’, 2026, https://trade.ec.europa.eu/access-to-markets/en/content/everything-arms-eba.

(33) UNCTAD, ‘Trade Preferences Outlook 2024’, 2024, https://unctad.org/system/files/official-document/ditctsce2024d3_en_0.pdf.

(34) Kammerskollegium, ‘The trade effects of EU regional trade agreements – evidence and strategic choices’, 2019, https://www.kommerskollegium.se/globalassets/publikationer/rapporter/2019/publ-trade-effects-eu-rta.pdf.

appropriate, but no significant adverse impacts on LDCs or other third countries are identified

#### 3.2.3.2 Impact on EU outermost regions

The EU outermost regions (ORs) face structural constraints arising from remoteness, insularity, small market size and dependence on a relatively narrow range of economic activities and products. These characteristics can make particular sectors more sensitive to external competition than aggregate EU-level indicators would suggest[35]. The CGE model used in this study does not distinguish the outermost regions from the rest of their respective Member States. The assessment below therefore combines the EU-level modelling results with regional production and trade data, focusing particularly on sugar and tuna, where Thai exports overlap most directly with economically important OR activities.

**Sugar**

Sugar is particularly relevant for Réunion and, to a lesser extent, Guadeloupe and Martinique. Thailand is itself one of the world's largest exporters of raw cane sugar: World Bank WITS/UN Comtrade data place Thailand second among global exporters of raw cane sugar in 2024[36].

In the CGE simulations, the broader sugar category has a relatively low baseline value of Thai exports to the EU of around EUR 4.2 million (USD 4.7 million). These exports are estimated to increase by around EUR 1.2 million (USD 1.3 million; +27%) under the conservative scenario and by around EUR 2.7 million (USD 3.1 million; +65%) under

[35] European Commission (2026). POSEI scheme – Support for outermost regions. The Commission identifies remoteness, insularity, small size, difficult topography and climate, and dependence on a small number of products as structural constraints of the ORs. Available at https://agriculture.ec.europa.eu/common-agricultural-policy/market-measures/outermost-regions-and-small-aegean-islands/posei_en,

[36] World Bank, World Integrated Trade Solution (WITS), based on UN Comtrade, Raw cane sugar, in solid form – exports by country, 2024. Thailand was the second-largest exporter in the HS 170111 series. Availble at https://wits.worldbank.org/trade/comtrade/en/country/THA/year/2024/tradeflow/Exports/partner/ALL/product/170111.

the ambitious scenario[37]. The absolute estimated increase is therefore limited at EU level, but this does not by itself exclude more concentrated effects on individual OR producers.

Réunion illustrates the potential exposure. In 2024, the island produced around 113,700 tonnes of sugar, with production divided approximately equally between speciality sugars and raw sugar intended for refining[38]. Insee reports sugar exports of EUR 64 million in 2024, equivalent to around 15% of Réunion's total goods exports. Metropolitan France was the island's largest export destination, receiving EUR 154 million, or 37% of all Réunion goods exports, and the strong increase in exports to metropolitan France in 2024 was driven in particular by sugar[39]. Guadeloupe also retains an economically relevant cane-sugar sector, although production fell sharply to around 19,600 tonnes in 2024, its lowest recorded level[40].

These data show that the relevant competitive channel is not primarily an increase in Thai imports into the ORs themselves. Rather, additional Thai sugar entering the EU could compete with OR production in metropolitan European refining and final-product markets, potentially affecting market shares and prices received by OR suppliers.

The modelling nevertheless points to a relatively contained aggregate sugar effect. The projected absolute increase in Thai sugar exports is small compared with the current value of Réunion's sugar exports, and sugar is treated as a sensitive product under the modelling assumptions rather than as a sector subject to unrestricted liberalisation. The principal risk for the ORs is therefore better characterised as potential price and market-share pressure in mainland EU markets, rather than a large modelled displacement of OR production. This exposure warrants monitoring, particularly given the structural

[37] USD values converted into EUR using the ECB average USD/EUR reference exchange rate for 2025 (EUR 1 = USD 1.1300)

[38] IEDOM (2024). Rapport annuel économique de La Réunion 2024. Available at https://www.iedom.fr/Rapport-annuel-economique-de-La-Reunion-2024?lang=fr

[39] ] Insee (2024). Bilan économique 2024 - La Réunion. Available at https://www.insee.fr/fr/statistiques/8596364

[40] Insee (2024). Bilan économique 2024 – Guadeloupe. Available at https://www.insee.fr/fr/statistiques/8354895

fragility and recent production difficulties of the cane-sugar sectors in Réunion and Guadeloupe.

**Tuna and tuna-based products**

The potential exposure is more pronounced for tuna. Thailand has a large and highly export-oriented processing industry. EUMOFA estimates that Thailand produces around 600,000 tonnes of canned tuna annually, approximately 90% of which is exported. Prepared and preserved tuna account for the largest share of Thailand's fishery exports[41].

The CGE results are consistent with a significant estimated increase in competitive pressure in the EU market: Thai exports of tuna-based products to the EU are estimated to increase by around EUR 57.5 million (USD 65 million; +39%) under the conservative scenario and by around EUR 137 million (USD 155 million; +94%) under the ambitious scenario.

Tuna fishing and processing have historically been particularly important in the Atlantic outermost regions. The most detailed OR-specific European Parliament study estimated around 1,382 processing jobs linked to tuna and large pelagic fisheries across the ORs, including approximately 1,100 in the Azores, where five canneries processed around 20,000 tonnes of fish products annually[42].

More recent OECD evidence confirms the strong external-market orientation of the Azorean fisheries sector: only around 15% of fresh fish is consumed locally, with the remainder destined for mainland Portugal or third-country markets, while local

[41] European Commission (2025). EUMOFA Monthly Highlights No. 9/2025. Available at https://fishery-aquaculture-market-observatory.ec.europa.eu/en/publications/monthly-highlights/eumofa-monthly-highlights-no-9-2025; EUMOFA (2025). The EU Fish Market, 2025 edition. Available at https://fishery-aquaculture-market-observatory.ec.europa.eu/system/files/2026-05/The_EU_fish_market_2025.pdf

[42] European Parliament (2025). Pelagic fisheries and the canning industry in outermost regions. Available at https://op.europa.eu/en/publication-detail/-/publication/d6f1bc28-7273-11e5-9317-01aa75ed71a1/language-en.

processing is concentrated principally in canned tuna. Mainland Portugal accounts for around 80% of the Azores' merchandise trade[43].

Madeira is similarly integrated into mainland processing chains: Commission-supported research reports that tuna-processing activities employ around 140 people and that tuna not processed locally is transferred to the Azores or mainland Portugal for canning[44].

Consequently, increased Thai tuna exports need not enter the outermost regions directly to affect them. Thai products sold in mainland EU markets can compete with canned and processed tuna originating in, or processed through, the ORs. The relevant channels include displacement of OR products from mainland markets, pressure on processor margins and downward pressure on market prices. This is consistent with concerns identified elsewhere in this study by segments of the EU tuna-canning industry. Given both Thailand's production scale and the considerably larger modelled increase in Thai tuna exports, the potential competitive exposure of OR tuna processing is more material than for sugar.

Overall, the available evidence does not support a conclusion that the FTA would necessarily generate significant economy-wide adverse effects for the outermost regions. It does, however, indicate specific adjustment risks in sugar and, more importantly, tuna that are obscured by EU-wide aggregate results. Existing safeguard instruments may provide protection in the event of acute import disruption, but their existence should not be interpreted as eliminating the possibility of gradual price, margin or market-share effects. The implementation of the agreement should therefore include specific monitoring of Thai sugar and tuna imports, EU market prices and relevant OR production and export indicators, with particular attention to Réunion and Guadeloupe for sugar and the Azores and Madeira for tuna.

[43] OECD (2023), Production Transformation Policy Review: Spotlight on the Azores' Internationalisation, OECD Development. Avalable at https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/07/production-transformation-policy-review_482deca4/faeecb3a-en.pdf.

[44] European Commission (2021). Overview of the state of data collection and scientific advice in the EU ORs, with case study on a roadmap towards regular stock assessment in French Guiana. Available at https://cinea.ec.europa.eu/publications/digital-publications/overview-state-data-collection-and-scientific-advice-eu-ors-case-study-roadmap-towards-regular-stock_en

#### 3.2.3.3 Impact on SMEs

SMEs play a central role in both the EU and Thai economies, accounting for the vast majority of firms and a substantial share of employment. In principle, the EU–Thailand FTA is expected to improve market access conditions for SMEs through tariff reductions, enhanced transparency and trade facilitation measures. However, experience from existing EU trade agreements suggests that SMEs tend to benefit less than larger firms, reflecting higher fixed costs of market entry and more limited administrative and information capacity[45].

SMEs may be disproportionately affected by fixed compliance costs and often make less use of FTA preferences than larger firms, reflecting complex rules of origin, customs and certification procedures, licensing requirements and limited access to regulatory information[46]. The EU's publicly available SME proposals emphasise transparency and digital access to information on tariffs, rules of origin, SPS requirements and technical regulations. If effectively implemented, such measures could reduce administrative burdens and information gaps, helping SMEs make greater use of preferential market access under the FTA.

Firm-level evidence suggests that sustained use of FTA preferences can support higher trade volumes and stronger long-term performance, including through improved access to intermediate inputs and deeper value-chain integration. Conversely, firms that discontinue preference use tend to perform less well, underscoring the importance of reducing procedural complexity and uncertainty[47].

Beyond trade in goods, SMEs face additional constraints in services trade and investment, where regulatory complexity, information gaps and access to finance play a

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([45]) UNCTAD, 'Promoting international investment by small and medium-sized enterprises', 2024, https://unctad.org/publication/promoting-international-investment-small-and-medium-sized-enterprises; European Parliament, 'Benefits of EU trade agreements for small and medium-sized enterprises (SMEs)', Policy Department for External Relations, 2021, https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653628/EXPO_BRI(2021)653628_EN.pdf. BusinessEurope (2018). https://www.businesseurope.eu/publications/eu-smes-need-to-make-better-use-of-eu-trade-agreements/.

([46]) European Parliament, 'Challenges and concerns for small and medium-sized enterprises (SMEs) doing business in third countries', 2021, https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/653629/EXPO_BRI(2021)653629_EN.pdf.

([47]) Moreno et al., 'Does FTA import utilisation enhance firm performance? An assessment of the Philippine manufacturing sector', PIDS Discussion Paper Series No. 2023-18, 2023, https://www.econstor.eu/bitstream/10419/284617/1/pidsdps2318.pdf.

decisive role. Improvements in regulatory transparency, facilitation measures and access to information have been shown to be particularly important for SME participation in cross-border economic activity, often outweighing the effects of tariff liberalisation alone.

Several respondents to the stakeholder consultation highlighted the importance of capacity-building, technology transfer and support for SMEs in ensuring that the benefits of the FTA are broadly shared.

The overall impact of the EU–Thailand FTA on SMEs will depend on both the depth of market access commitments and its design and usability[48]. To improve SME participation and preference utilisation, negotiators and implementing authorities should place particular emphasis on SME-friendly rules, including straightforward and transparent rules of origin, effective trade facilitation, accessible digital information tools and dedicated SME outreach mechanisms. Such elements are likely to play a key role in translating formal market access into effective opportunities for smaller firms.

#### 3.2.3.4 Impact on consumers

Trade liberalisation under the EU–Thailand FTA is expected to affect consumers primarily through changes in prices, product variety and quality. Reduced tariffs and improved market access can lower import prices and increase competitive pressure, potentially generating consumer welfare gains through greater choice and improved value for money. Evidence from previous EU trade agreements suggests that such effects tend to be modest in aggregate but can be more pronounced for specific product groups where tariffs and NTBs are reduced[49].

For selected consumer goods with significant social and health implications, such as alcoholic beverages and tobacco products, price effects need to be interpreted with particular caution. Lower border prices do not necessarily translate into proportional reductions in retail prices, as domestic taxation, minimum pricing rules, marketing restrictions and other national regulatory measures play a central role in shaping final

([48]) UNCTAD, ‘Promoting international investment by small and medium-sized enterprises’, 2024, https://unctad.org/publication/promoting-international-investment-small-and-medium-sized-enterprises.

([49]) London School of Economics and Political Science (LSE), ‘How have EU's trade agreements impacted consumers?’, 2016, https://www.lse.ac.uk/business/consulting/reports/how-have-eus-trade-agreements-impacted-consumers.

consumer prices and consumption patterns. This are particularly relevant in the context of public health objectives and measures aimed at limiting harmful consumption[50].

More generally, consumer outcomes are shaped by border measures, domestic regulation, distribution structures and the degree of pass-through along the value chain. In sectors subject to specific regulatory regimes, including agri-food products and goods with health, safety or sustainability implications, domestic rules are expected to continue to play a decisive role in protecting consumers and mitigating potential negative externalities associated with increased trade.

Overall, the EU–Thailand FTA is expected to offer consumer benefits through increased competition and market integration, while existing regulatory frameworks provide safeguards for social and health-related concerns.

(50) European Commission: Joint Research Centre (JRC), *Cumulative economic impact of upcoming trade agreements on EU agriculture*, Publications Office of the European Union, Luxembourg, 2024, https://publications.jrc.ec.europa.eu/repository/handle/JRC135540.

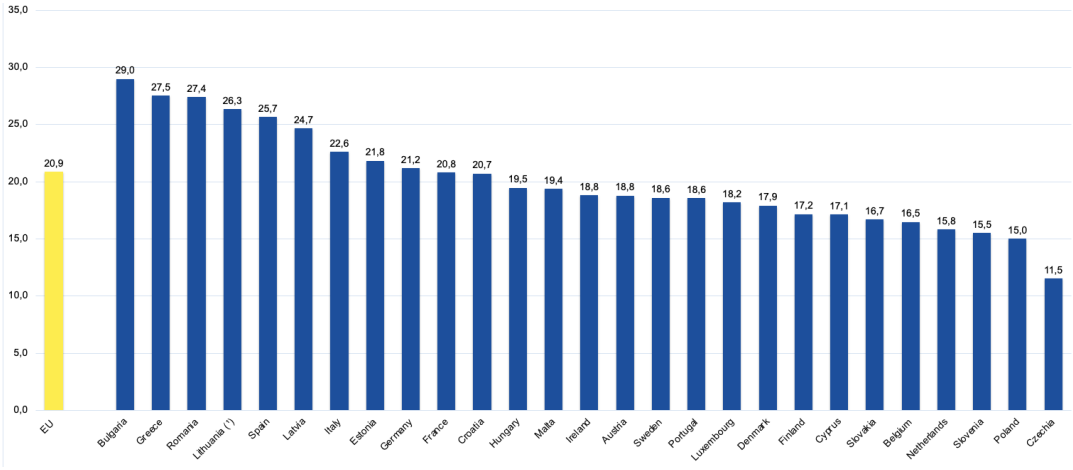
# 4 Results of social analysis

## 4.1 Baseline

### 4.1.1 Poverty and employment in the EU

To understand the potential social effects of the EU-Thailand FTA, economic analysis must be contextualised with a brief overview of social indicators in the EU. According to Eurostat, in 2025, 20.9% of the EU population or 92.7 million people were considered to be at risk of poverty or social exclusion. The "at risk of poverty or social exclusion" (AROPE) rate, combines three categories of vulnerable citizens: 1) people who are either at risk of poverty (with an income below 60% of the national median income after transfers); or severely materially and socially deprived (out of 13 deprivation items) or living in a household with a very low work intensity[51]. Bulgaria (29%), Greece (27.5%) and Romania (27.4%) had the highest AROPE rates in the EU, while Czechia (11.5%), Poland (15%) and Slovenia (15.5%) showed the lowest incidence (Figure 1).

**Figure 1. People at risk of poverty or social exclusion in the EU (2025)**




Source: Eurostat.

(51) Eurostat, "Living conditions in Europe - poverty and social exclusion," 2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion

Across the EU, women were slightly more at risk of poverty and social exclusion than men, with 21.9% compared with 19.8% respectively. Additionally, young adults aged 18-24 years, people with a low level of educational attainment and unemployed people were, were also more at risk than other groups within the EU population. Two thirds (66.3%) of unemployed people aged 18 years or over were at risk of poverty and social exclusion, confirming the importance of robust labour markets to combat poverty.

Over the past 15 years, European labour markets have proven resilient in the face of external shocks, notably the financial crisis and the subsequent Eurozone debt crisis (2008-2012), the economic disruptions caused by the COVID-19 pandemic, and the impact of Russia's war of aggression against Ukraine on energy markets. EU exports have played a key role to support employment across the EU. In 2023, exports to non-EU countries generated EUR 2,816 billion, or 18.1%, in gross value added in the EU (including cross-border spillover effect). This represented a 3.7 pp increase (from 14.4%) compared to 2010, but a 0.9 pp decline (from 19%) from 2022. This amounted to 33.6 million workers supported by exports to non-EU countries, including 6.7 million in Germany, 4.1 million in France, 3.5 million in Italy, 3.2 million in Poland and 3.1 million in Spain.[52]

At sectoral level (NACE level 2), wholesale trade (excluding motor vehicles) benefitted most from export-related employment, with 2.7 million people employed, following by machinery and equipment (2.4 million) and more vehicles, trailers and semi-trailers (2.3 million).[53] Trade in services is also a vital part of the EU economy and employment, supporting an estimated 21 million EU jobs directly and indirectly.[54] Studies show that

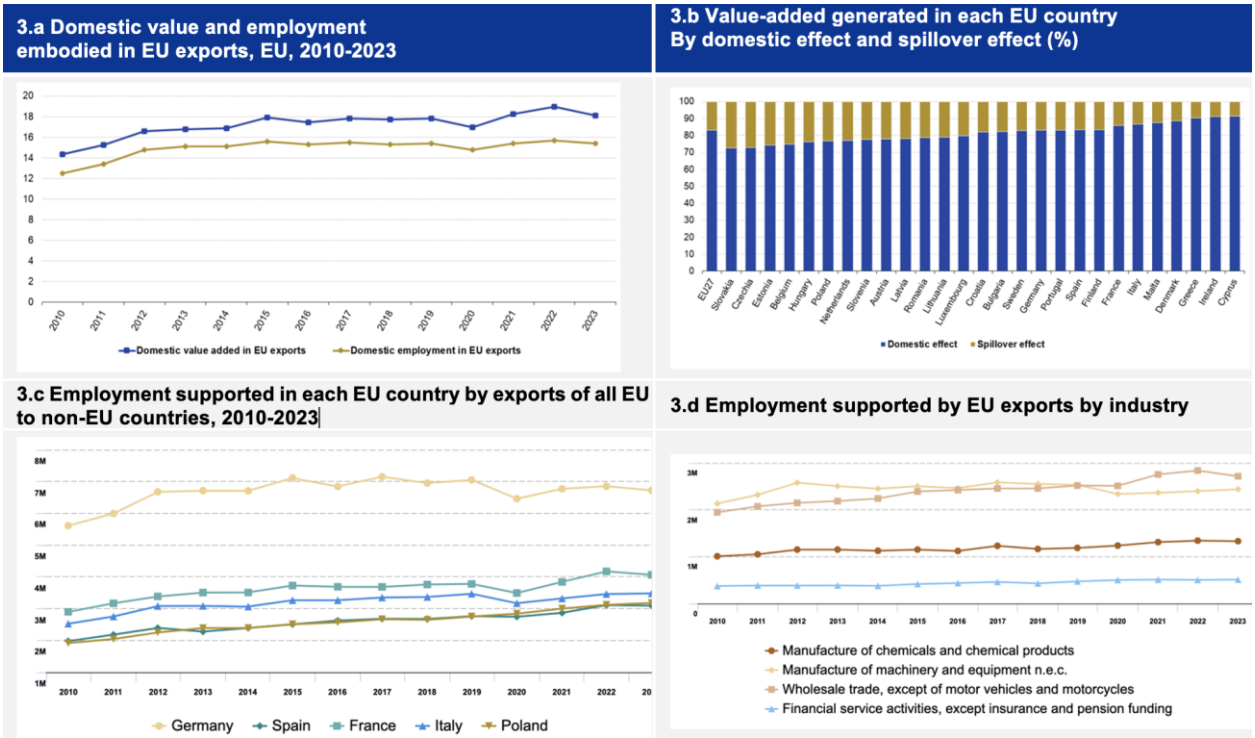
([52]) Top five beneficiaries in absolute terms, given their respective populations. In relative terms, the top beneficiaries were: Ireland, with 29.6% of its total employment embodied in EU exports, followed by Luxemburg (26.2%), Bulgaria (24.9%) and Malta (24.3%).

([53]) Eurostat, 'Employment and value added in EU exports - an analysis with FIGARO data', July 2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Employment_and_value_added_in_EU_exports_-_an_analysis_with_FIGARO_data.

([54]) European Commission, 'Trade in Services', n.d., https://policy.trade.ec.europa.eu/help-exporters-and-importers/accessing-markets/goods-and-services/services_en; For more data analysis, see Eurostat, 'International Trade in Services Database', n.d., https://ec.europa.eu/eurostat/web/international-trade-in-services/database.

export-related jobs provide an average wage premium of 12%, ranging from 10-18%, depending on skill levels and occupations.[55]

**Figure 2. Value-added and employment supported by EU exports**




*Source: Eurostat.*[56]

The trade economics literature has long established that trade liberalisation can negatively impact import-competing industries by reducing wages and/or reducing employment on a sectoral basis. Evidence at the aggregate level (all EU trade imports across all sectors) remains limited and most economic studies focus either on the impact of trade liberalisation on employment with specific partners (e.g. SIAs) and/or specific sectors. This makes the careful assessment of trade liberalisation on a sectoral

(55) Kutlina-Dimitrova, Z., Rueda-Cantuche, J.M., Amores A. and Román, V., 'How important are EU exports for jobs in the EU?', Ideas, 2018; European Commission: Directorate-General for Trade and Economic Security, 'DG TRADE Chief Economist Notes', 2018-4, https://ideas.repec.org/s/ris/dgtcen.html.

(56) Eurostat, 'International Trade in Services Database', n.d., https://ec.europa.eu/eurostat/web/international-trade-in-services/database.

basis all the more crucial and requires the use of both quantitative (CGE modelling) and qualitative analysis (wide-ranging stakeholder consultation).[57]

### 4.1.2 Overview of labour rights in the EU

#### 4.1.2.1 Right to join and form trade unions and to collective bargaining

All EU Member States ratified the International Covenant on Civil and Political Rights (ICCPR) and ILO Conventions No. 87 and No. 98, and the EU has put in place legal protection mechanisms to safeguard these rights. Article 12 of the Charter of Fundamental Rights of the European Union (the Charter) provides for the right to freedom of peaceful assembly and association, including the right to form and join trade unions (see Annex 9, Table 38). Directive 2022/2041/EU[58] on adequate minimum wages establishes a framework to promote collective bargaining on wage-setting and to ensure adequate minimum wage across the EU. It recognises and protects the role of trade unions as key actors in wage-setting and collective bargaining, emphasising collective bargaining as the main vehicle for setting decent wage conditions. Despite this legal framework, a 2024 study commissioned by the European Economic and Social Committee (EESC) found that: (1) Historically, collective bargaining systems and coverage rates vary significantly across the EU Member States; (2) Collective bargaining coverage has declined in recent decades in most EU Member States; (3) Collective bargaining is eroding faster in countries with historically low-performing bargaining systems (role and coverage) compared to high-performers[59].

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([57]) According to the LSE study, Comparative Analysis of Trade and Sustainable Development Provisions in Free Trade Agreements, 'Implementation is defined as a set of processes underpinned by specific clauses and institutional mechanisms that allow to put an FTA into practice after its entry into force. Enforcement refers more specifically to the set of provisions and practices designed to prevent or settle disputes when conflicting interpretations over the terms of FTA arise. In practice, there is overlap between these two concepts. For instance, public submission processes are an important lever of enforcement, while they may also be considered as a routine form of civil society participation inherent to implementation mechanisms' (LSE Consulting, *Comparative analysis of trade and sustainable development provisions in trade agreements*, LSE, London, 2022, pp. 35, 236, https://www.lse.ac.uk/business/consulting/assets/documents/TSD-Final-Report-Feb-2022.pdf.

([58]) Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union, OJ L 275, 25.10.2022, pp. 33–47.

([59]) European Economic and Social Committee, Bednorz, J., Makarevičiūtė, A. and Sadauskaitė, A., *Improving collective bargaining in Europe*, Publications Office of the European Union, Luxembourg, 2024, p. 18.

#### 4.1.2.2 Forced labour, child labour and human trafficking

EU Member States ratified most core United Nations (UN) human rights treaties[60]. In addition, all EU Member States ratified ILO Convention No. 29 on forced labour (1930) and ILO Convention No. 105 on abolition of forced labour (1957), ILO Convention No. 138 on the minimum age (1973) and ILO Convention No. 182 on the worst forms of child labour (1999) (see Annex 9, Table 32 and Annex 9, Table 33). They are also parties to the Palermo Protocol[61], which has been ratified by the EU itself.

The EU has established legal protection mechanisms to safeguard these rights and eradicate forced and child labour across its territory. The prohibition of forced labour and child labour, as well as the protection of young people at work, are enshrined as fundamental rights in Articles 5 and 32 of the Charter.

More specific protection mechanisms have been adopted in secondary legislation, including Directive 2011/36/EU (Anti-Trafficking Directive)[62], which harmonises the definition of criminal offences and sanctions in the area of trafficking in human beings, including trafficking for forced labour. It obliges Member States to criminalise the knowing use of services of trafficked persons (Article 18a). Directive 2009/52/EC (Employers' Sanctions Directive)[63] criminalises using the work or services of a known victim of trafficking. Victims of trafficking in human beings or forced labour receive protection under Directive 2012/29/EU (Victims' Rights Directive)[64], which requires Member States to provide victims of crime with information, support and protection. In parallel, Directive 2004/81/EC harmonises conditions for granting residence permits to

(60) See human rights analysis section.

(61) Created in 2000 by General Assembly Resolution 55/25, the Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organised Crime, outlined a joint approach to combating trafficking in human beings, protecting victims and promoting international cooperation.

(62) Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA, OJ L 101, 15.4.2011, pp. 1–11.

(63) Directive 2009/52/EC of the European Parliament and of the Council of 18 June 2009 providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals, OJ L 168, 30.6.2009, pp. 24–32.

(64) Directive 2012/29/EU of the European Parliament and of the Council of 25 October 2012 establishing minimum standards on the rights, support and protection of victims of crime, and replacing Council Framework Decision 2001/220/JHA, OJ L 315, 14.11.2012, pp. 57–73.

victims of trafficking in human beings who cooperate with authorities. More recently, the EU has adopted the Forced Labour Regulation[65], which introduces a ban on products made with forced labour, including those made in the EU, ensuring they cannot be sold in the EU market. It will come into force in 2027 and is expected to strengthen enforcement of forced labour laws within and outside the EU by empowering the European Commission and Member States' competent authorities to conduct investigations into products suspected of being made with forced labour.

Beyond legal instruments, the EU has adopted the Strategy on Combating Trafficking in Human Beings 2021-2025, which calls for stronger detection and enforcement by improving the capacity of labour inspections, promoting multiagency cooperation and encouraging concerted/joint inspections involving national authorities and EU bodies (including the European Union Agency for Law Enforcement Cooperation (Europol) and the European Labour Authority (ELA)). It also seeks to reduce demand by pushing for human rights due diligence and responsible supply-chain management, leveraging public procurement to incentivise transparency and promoting sustainable and responsible value chains as part of the new EU trade policy to keep forced labour out of EU companies' value chains.

Despite this legal and policy framework, forced labour continues to exist in the EU. The prevalence of forced labour in the EU as a whole is difficult to measure, as ILO regional estimates tend to group both European (including non-EU countries) and Central Asian countries. Other reports produced by Walk Free, which partnered with the ILO to produce its most recent global estimates on forced labour, tend to combine forced labour and forced marriage to produce a 'global slavery index'. Its latest report estimated 'modern slavery', encompassing both forced labour and forced marriage, at 1,285,000 in EU Member States[66]. A previous ILO report dedicated to forced labour in the EU estimated that 880,000 workers (1.8 per 1,000 inhabitants) were subjected to compulsory forms of labour, with 270,000 (30%) being victims of forced sexual exploitation[67]. Other common forms of forced labour include the forced begging of children, as well as compulsory forms of labour in the European agricultural sector. In

(65) Regulation (EU) 2024/3015 of the European Parliament and of the Council of 27 November 2024 on prohibiting products made with forced labour on the Union market and amending Directive (EU) 2019/1937, OJ L, 2024/3015, 12.12.2024.

(66) Walk Free (2023), "Global Slavery Index," available from: https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf

(67) ILO, "ILO 2012 Global Estimate of Forced Labour Regional Factsheet European Union," available from: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@europe/@ro-geneva/@ilobrussels/documents/genericdocument/wcms_184975.pdf

the latter case, risks of exploitation affect both non-EU and EU citizens, with seasonal migrant workers particularly vulnerable populations in agricultural producing countries such as Italy, Spain, Portugal, France and Poland[68]. The European manufacturing sector is also connected to exploitative forms of labour through the various inputs of its supply chains, which is addressed in the next section.

Forced labour is closely interrelated with trafficking in human beings, which is notoriously difficult to estimate. In its latest progress report on combating trafficking in human beings, the European Commission noted that in the period of 2021-2022, 17,248 victims were registered[69] in the EU (9,647 in 2021 and 8,064 in 2022[70]), 37% of whom were trafficked for the purpose of labour exploitation[71]. In 2023, 10,793 victims of human trafficking were registered in the EU[72], 3,457 of whom were trafficked for labour exploitation[73]. In 2023, the European Union Agency for Fundamental Rights (FRA)

(68) Marie-Laure Augère-Granier, "Migrant seasonal workers in the European agricultural sector," European Parliamentary Research Service, February 2021, available from: https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689347/EPRS_BRI(2021)689347_EN.pdf

(69) 'A registered victim can include a person who has been formally identified as a victim of trafficking in human beings by the relevant formal authority in a Member State or a person who has met the criteria of the EU Directive but has not been formally identified by the relevant formal authority as a trafficking victim or who has declined to be formally or legally identified as trafficked' (Eurostat, 'Reference metadata, Statistical concepts and definitions', n.d., https://ec.europa.eu/eurostat/cache/metadata/en/crim_thb_esms.htm#:~:text=Victims%20definition:%20A%20registered%20victim,or%20legally%20identified%20as%20trafficked). This does not represent the total extent of victims of trafficking, however.

(70) Eurostat, 'Persons involved in trafficking in human beings by legal status and sex', n.d., https://ec.europa.eu/eurostat/databrowser/view/crim_thb_sex/default/table?lang=en&category=crim.crim_thb,

(71) European Commission, Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the progress made in the European Union in combating trafficking in human beings (Fifth Report), COM(2025) 8 final, sections 2.1 and 2.3.

(72) Eurostat, 'Trafficking in human beings statistics', 2025, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Trafficking_in_human_beings_statistics.

(73) Eurostat, 'Victims of trafficking in human beings by all forms of exploitation', n.d., https://ec.europa.eu/eurostat/databrowser/view/crim_thb_vexp/default/table?lang=en.

reported that beneficiaries of international protection coming from Ukraine faced increased risk of labour exploitation in the EU[74].

A recent publication by the European Parliament highlights that victims are exploited in various ways, including by non-payment or deduction of wages, and charging the victims exorbitant prices for (often imaginary) services provided by traffickers. Debt bondage arrangements, retention of identity documents and the absence of a work permit are some of the reasons for victims to remain in exploitative situations[75]. According to a report on EU progress on combating trafficking in human beings, high-risk sectors for exploitation include construction, agriculture, forestry, food processing, assembly lines, hospitality, retail, carwashes, beauty and cleaning services, transportation and housekeeping[76]. The report notes that child labour is typical within the family or in family businesses and that children are exploited in the hospitality, agriculture, construction and cleaning services[77]. Some of the sectors affected by forced and child labour are expected to be impacted by the EU-Thailand FTA.

### 4.1.3 TSD approach to trade and labour linkages in the EU

Upholding international labour and environmental instruments and governance and ensuring that trade policy reflects respect for workers' rights, environmental protection and the fight against climate change, has been central to EU trade policymaking and FTA negotiations for more than two decades[78]. The EU has promoted its trade and sustainable development (TSD) agenda through trade agreements, defense instruments and autonomous measures.

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([74]) FRA, *Fundamental Rights Report – 2023*, Publications Office of the European Union, 2023, section 1.3.

([75]) European Parliamentary Research Service (EPRS), *At a glance: Trafficking for labour exploitation in the EU*, European Parliament, Publications Office of the European Union, Luxembourg, 2025.

([76]) European Commission, Report from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions on the progress made in the European Union in combating trafficking in human beings (Fifth Report), COM(2025) 8 final, section 2.3.

([77]) Ibid.

([78]) European Commission, 'The power of trade partnerships: together for green and just economic growth', 2022, https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/8c5821b3-2b18-43a1-b791-2df56b673900/details.

Over time, the EU has widened the scope and strengthened the enforceability of TSD in its trade agreements, making it a global driving force for both trade-labour and trade-environment linkages[79]. Looking at international labour standards, recent EU FTAs have begun to include new provisions on women's economic empowerment and gender equality, with references to UN and ILO conventions. The EU-New Zealand FTA and the EU-Kenya Economic Partnership Agreement (EPA) are the first to include a dedicated article on trade and gender in the TSD section, while the EU-Chile FTA is the first to include a dedicated chapter on trade and gender equality[80]. The institutional structure for enforcement and implementation of the TSD chapters in the FTAs concluded by the EU includes several key elements:

- Domestic advisory groups (DAGs) representing civil society and business interests for each trading partner, in charge of advising each Party on the implementation of the TSD chapters, including labour commitments and, in more recent FTAs (e.g. New Zealand, Indonesia), the broader FTA;
- A civil society forum interacting with the Trade Committee, the institutional body in charge of implementing and enforcing all FTA provisions;
- A dispute settlement mechanism which prioritizes bilateral cooperation through state-to-state consultations, and, under recent FTAs (e.g. EU-New Zealand), foresees the possibility of adopting temporary remedies in case of non-compliance with commitments on core ILO standards.

The EU's commitment to international labour standards in its trade policies is not limited to trade agreements. It is also evident in the creation of the Chief Trade Enforcement Officer and its Single Entry Point, whereby companies or civil society organisations can file complaints about violations of workers' rights in EU FTA partners[81].

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([79]) LSE Consulting, *Comparative analysis of trade and sustainable development provisions in trade agreements*, LSE, London, 2022, https://www.lse.ac.uk/business/consulting/assets/documents/TSD-Final-Report-Feb-2022.pdf.

([80]) Shreeves, R., *Gender mainstreaming in EU trade agreements*, European Parliament, Publications Office of the European Union, Luxembourg, March 2024, https://www.europarl.europa.eu/RegData/etudes/BRIE/2024/760388/EPRS_BRI(2024)760388_EN.pdf.

([81]) The Dutch NGO CNV International filed a case concerning workers' rights violations in the mining sector in Peru and Colombia. The case fostered consultation between the EU and Peru, which have since agreed a list of cooperation activities to strengthen labour rights (European Commission, 'EU

Other strands of work on the EU's multipronged approach to trade-labour linkages include the development sustainability autonomous measures. These measures include: the Corporate Sustainability Reporting Directive (CSRD), requiring companies to report on their social and environmental measures (from 2028), the Sustainability Due Diligence Directive (CSDDD), requiring companies and their upstream and downstream partners to prevent, end and mitigate their adverse impact on human rights and the environment (entry into force foreseen for 2027), and the Forced Labour Regulation (entered into force in December 2024), which prohibits the placement of products made with forced labour on the EU market, and provides the European Commission with new investigative powers.

The EU-Thailand FTA's social impact will depend as much on the implementation of the TSD chapter and the political will of both parties to cooperate as on the socioeconomic effects induced by trade integration.

### 4.1.4 Inequality, poverty and informal employment in Thailand

Over the past three decades, Thailand's economy has grown rapidly, transforming from an agricultural society to an industrialised and diversified economy driven by exports, becoming an upper-middle income country in 2011. Unemployment has remained low, hovering between 1% and 2%, while poverty has receded, whether measured at the USD 4.20 per day threshold (2021 purchasing power parity (PPP)), 'working poverty' (percentage of employed people living under USD 3) or under the World Bank's Multidimensional Poverty Index[82], which integrates access to education and basic infrastructure in addition to monetary deprivation (see Figure 3).

and Peru agree on cooperation activities to ensure respect of labour rights', News article, 20 March 2024, https://policy.trade.ec.europa.eu/news/eu-and-peru-agree-cooperation-activities-ensure-respect-labour-rights-2024-03-20_en.

([82]) World Bank, 'Multidimensional Poverty Measure', n.d., https://www.worldbank.org/en/topic/poverty/brief/multidimensional-poverty-measure.

**Figure 3: Trends for selected SDG indicators**




*Source: ILO.*

Thailand has experienced a notable decline in income inequality (measured by Gini coefficient) since the beginning of the 21st century (see Figure 4), despite a relative slowdown since 2015. Through direct cash transfers from social assistance programmes to public spending on health and education, Thailand's progressive fiscal and social policies have played an important role in reducing social inequality. The COVID-19 pandemic only marginally undermined these structural trends. According to a World Bank study, pandemic-induced income and job shocks were partly cushioned by a significant increase in government social spending, which tripled from 0.8% to 3% of GDP from 2019 to 2020, one of the largest government responses in the East Asia and Pacific (EAP) region[83].

Lower-income 'frontline' workers were particularly vulnerable to the disruptive labour market effects of the COVID-19 pandemic, with a notable slowdown in consumer spending. However, the poorest deciles were also more dependent on social transfers, which helped to compensate for income losses. They recovered more promptly than

([83]) World Bank. *Bridging the Gap: Inequality and Jobs in Thailand*. Washington, DC: World Bank, 2023. https://documents1.worldbank.org/curated/en/099112823133018003/pdf/P17759905901d70ed0a968052455d5252f0.pdf.

middle-income cohorts. Younger Thai workers were more likely than older workers to face job loss or a reduction in working time during the pandemic[84].

Recent labour market data show that labour force participation in Thailand remains robust. Wage gains have been limited, despite recent government efforts to raise the minimum wage. This includes a 2.9% increase in January 2025, with different levels accounting for regional variation in cost of living (ranging from THB 337 to 400, or EUR 9 to 10.68 per day)[85].

Compared to other middle-income economies in the region, Thailand's socioeconomic record offers a more mixed picture. Thailand has a relatively high level of income inequality compared to other countries of similar income levels for several reasons. First, despite its strong response to the COVID-19 pandemic, the Thai government tends to spend less on social programmes than other countries in the EAP. According to the OECD, in 2023, social protection expenditure[86] (excluding healthcare) in Thailand reached 2.1% of GDP, nearly four times less than the regional average of 8%. Thailand's social assistance expenditure stands at 0.8% of GDP, lower than the regional average of 1% and less than half that of upper-middle-income countries' average (1.9%)[87]. In fact, the pandemic created opportunities to improve the Thai social protection system by increasing social protection across different income categories[88].

Second, macro-level statistics and trends tend to mask significant regional disparities between urban and rural areas, more specifically between the Bangkok areas and more rural regions of the South and Northeast (see

Figure 4 and Figure 5). Despite recent convergence between urban and rural areas, along with the declining share of agriculture in Thailand's employment market (30% in 2023), spatial inequality continues to shape key drivers of poverty, not least by conditioning Thai populations' access to education.

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([84]) World Bank (November 2023), Bridging the Gap: Inequality and Jobs in Thailand, pp. xi, 7, 10,

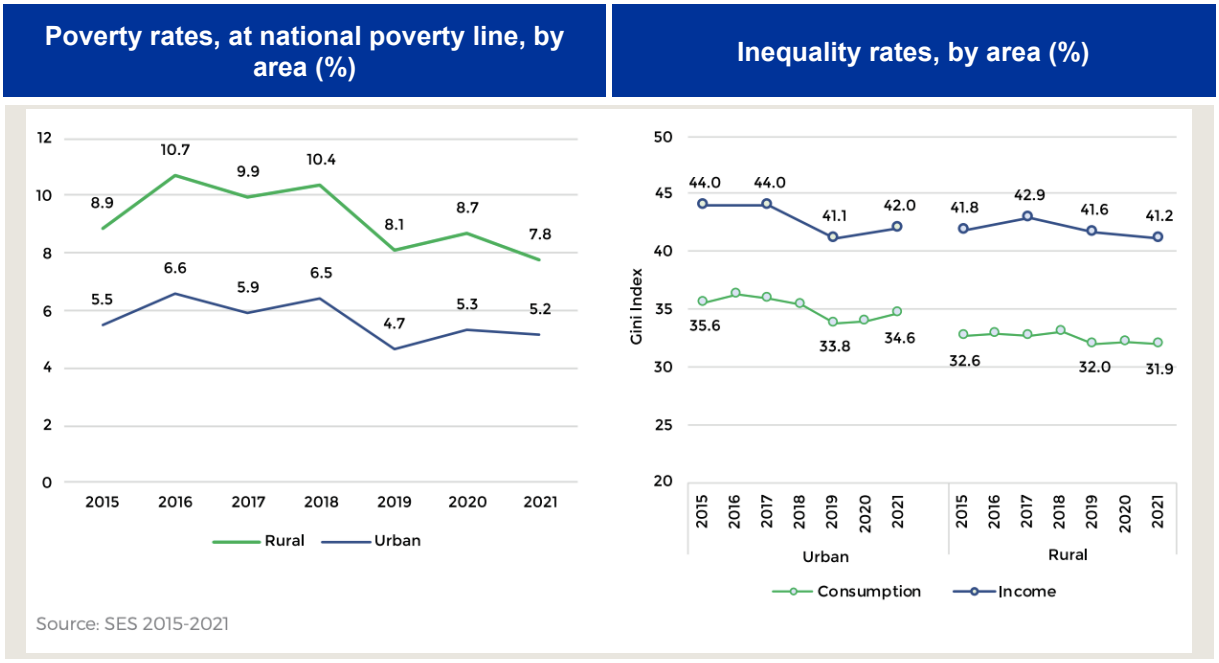
([85]) IMF (February 2025), "Thailand," IMF Country Report No. 25/45, p. 8.

([86]) Social protection is defined as the combination of social assistance, social insurance and labour market expenditures. OECD (2018), "Social Protection System Review. A Toolkit," OECD Development Policy Tools, p. 15.

([87]) OECD (2025): https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/07/financing-social-protection-through-general-tax-revenues-social-security-contributions-and-formalisation-in-thailand_505905e4/b5cc1a43-en.pdf p. 15

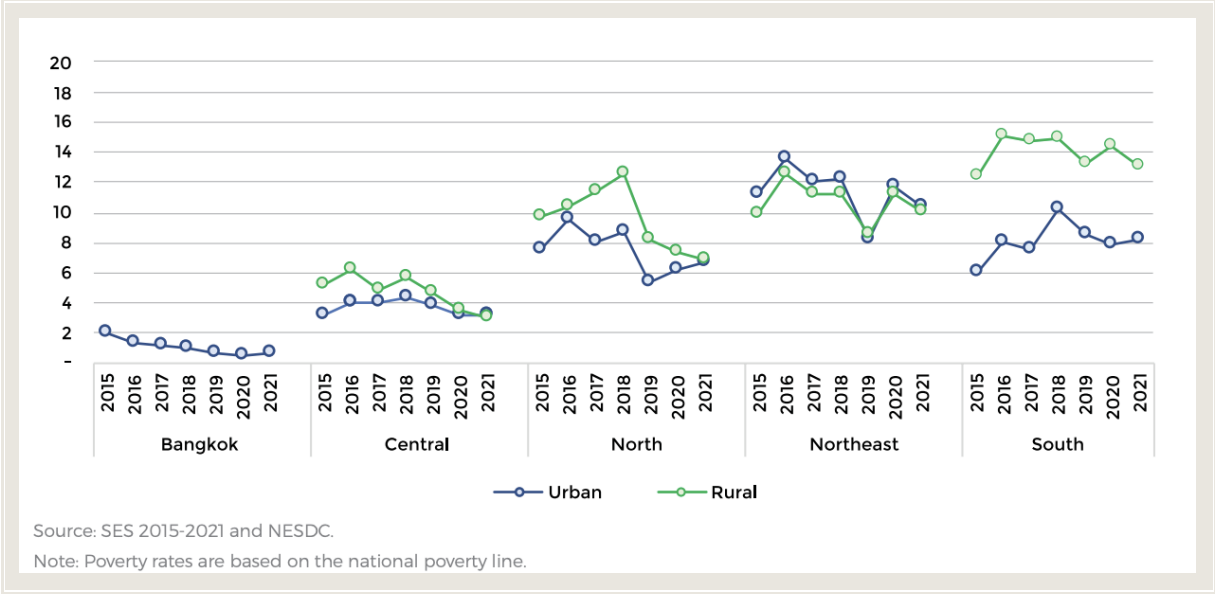
([88]) IMF (February 2025), "Thailand," IMF Country Report No. 25/45, p. 8.

**Figure 4: Poverty and inequality, Thailand, by area**




*Source: World Bank.*

**Figure 5: Poverty by region (%), 2015-2021**

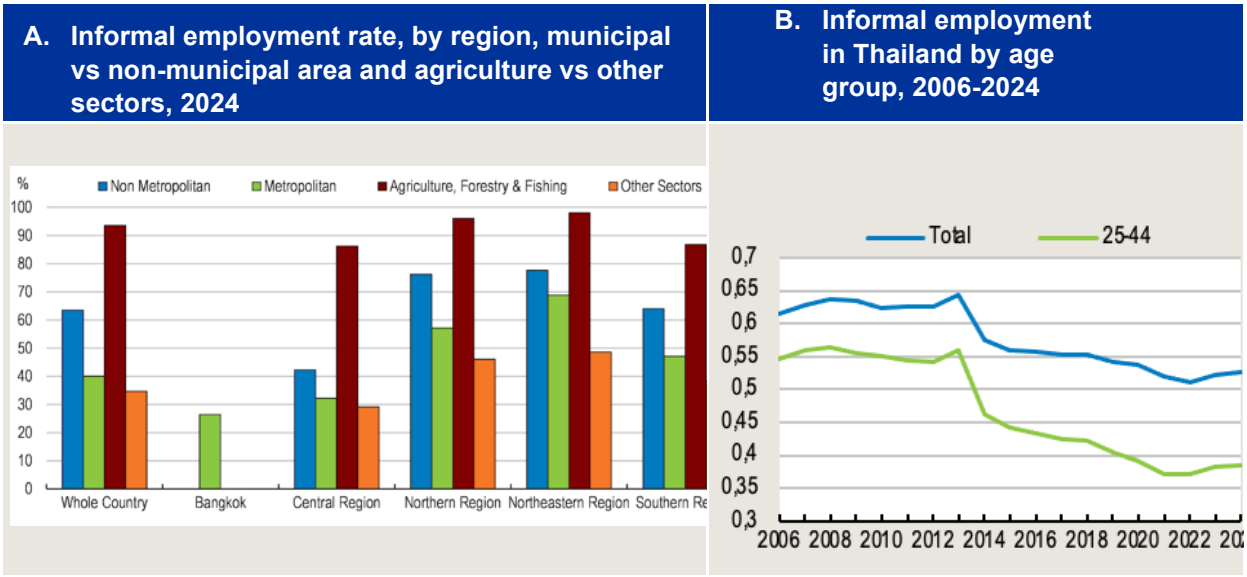



*Source: World Bank.*

The large prevalence of informal employment, estimated at 63.3% in 2024, according to the ILO, continues to undermine efforts to reduce poverty and inequality, or to protect workers' rights across different sectors. Informal forms of employment fail to protect

workers by depriving them of legal protection, as well as undercutting tax collection, depriving the government of crucial revenue for redistribution. A recent OECD study shows that informal employment in Thailand has declined by 10% at the aggregate level over the past decade, but differs considerably between regions and sectors of the Thai economy: informality is more prevalent outside of the Bangkok area and in non-municipal zones. It is also more common in the agriculture, forestry and fishing sectors (see Figure 7), as well as among older Thai workers (compared to the 25-to-44 age group).

**Figure 7 : Informality rate, by region, municipal vs non-municipal area and agriculture vs other sectors, 2024**




*Source : OECD, 2025.*

## 4.1.5 Labour rights in Thailand

### 4.1.5.1 Forced labour, child labour and human trafficking

Thailand has ratified most core UN human rights treaties,[89] as well as ILO Convention No. 29 on forced labour (1930), ILO Convention No. 105 on abolition of forced labour (1957), ILO Convention No. 138 on the minimum age (1973), ILO Convention No. 182

(89) See human rights analysis.

on the worst forms of child labour (1999) and the Palermo Protocol. Thailand's has committed to combat forced and child labour both in its Constitution and national laws[90].

Thailand has enacted national laws to combat forced and child labour. A 2019 amendment to Thailand's 2008 anti-trafficking law added a separate provision addressing forced labour or services[91]. Thailand's Labour Protection Act B.E. 2541 (1998) (Chapter 4) prohibits employing a child under 15 and restricts young workers' conditions of work (e.g. controls on hazardous work and night work). These protections are complemented by the Child Protection Act B.E. 2546 (2003), which establishes broader safeguards against the abuse and exploitation of children under 18 years of age.

Despite these legal protections, concerns remain regarding child and forced labour in Thailand. The US Bureau of International Labour Affairs (ILAB)'s list of tradable goods produced by forced labour includes fish, shrimp and garments, and as downstream products like animal feed, fish oil and fishmeal. Risks for child labour have also been identified in sugarcane, garments and child sexual abuse material[92]. The US Department of State's 2025 Trafficking in Persons Report, which includes non-tradable goods and sectors, notes that Thai children are at risk of forced labour in special economic zones, while Thai and migrant workers are particularly exploited in commercial fishing and related industries, the poultry industry, manufacturing, construction, garment, agriculture, domestic work and street begging[57]. While not all of these products are traded internationally, some of these are expected to be directly or indirectly impacted by the FTA.

(90) Article 30 of Thailand's 2017 Constitution states that 'Forced labour shall not be imposed, except by virtue of a provision of law enacted for the purpose of averting public calamity, or when a state of emergency or martial law is declared, or during the time when the country is in a state of war or armed conflict.' Constitution of the Kingdom of Thailand, B.E. 2560 (official translation), 2017, https://www.admincourt.go.th/admincourt/en/law_detail.php?id=495.

(91) However, this provision prescribed significantly lower penalties for labour trafficking crimes than the penalties provided under the trafficking in human beings provision. US Department of State, 'Trafficking in Persons Report: Thailand', 2025, https://www.state.gov/reports/2025-trafficking-in-persons-report/thailand.

(92) US Department of Labour, Bureau of International Labour Affairs, '2024 List of Goods Produced by Child Labor or Forced Labour', US Department of Labour, Washington, 2024, https://www.dol.gov/sites/dolgov/files/ILAB/child_labor_reports/tda2023/2024-tvpra-list-of-goods.pdf.

The ILAB estimates that 13% of Thai children aged 5-14 work across a wide range of sectors, including agriculture, manufacturing and services and what it categorises as 'worst forms of child labour' (see Table 1).

**Table 1: Overview of child labour, by sector**

| Sectors | Industries/subsectors and activities |
|---|---|
| Agriculture | Working on farms, including animal farms, and planning and harvesting sugarcane; working in fisheries and on sea vessels. |
| Manufacturing | Working in factories, including garment production, and engaged in construction. |
| Services | Domestic work; restaurant; motor vehicle repair shops; gas stations; street work, including begging and vending; *Muay Thai* fighting. |
| Categorical worst forms of child labour | Commercial sexual exploitation, including the production of child sexual abuse material; forced labour in vending, begging and domestic work. Used in the production and trafficking of drugs, including narcotics. |

*Source: ILAB.*

Thailand's fishing and seafood industries are commonly associated with forced labour, although risks of labour exploitation differ between marine capture fishing, aquaculture (mostly shrimp) and fish processing (especially tuna). In the mid-2010s, a series of reports unveiled widespread workers' and human rights violations in Thailand's fishing sector, pointing to endemic problems of traceability and corporate accountability[93]. In June 2014, the US State Department downgraded Thailand to "Tier 3" in its Trafficking in Persons (TIP) Report, for failing to make sufficient progress to address human trafficking, with references to labour trafficking in "commercial fishing" and "fishing-related industries."[94] In parallel, in 2015, the EU issued a yellow card for practices contrary to Regulation (EC) 1005/2008 (Illegal, Unreported, and Unregulated (IUU) Fishing Regulation), namely regulatory gaps and enforcement failures. While the yellow card was not issued based on labour considerations, it indirectly served as a catalyst for Thailand's reform of labour practices in the fishing industry, both nationally (e.g. 2015 Fisheries Act increasing regulation of migrant workforce) and internationally, with the ratification of the ILO Forced Labour Protocol (P29), the amendment of the

(93) Hodal, K., Lawrence, F. and Kelly, C., 'Revealed: Asian Slave Labour Producing Prawns for Supermarkets in US, UK', *The Guardian*, 10 June 2014, https://www.theguardian.com/globaldevelopment/2014/jun/10/supermarket-prawns-thailand-produced-slave-labour; Human Rights Watch, 'Hidden chains: Rights abuses and forced labour in Thailand's fishing industry', 2018, https://www.hrw.org/report/2018/01/23/hidden-chains/rights-abuses-and-forcedlabor-thailands-fishing-industry.

(94) U.S. Department of State. 'Trafficking in Persons Report 2014'. Washington, DC: U.S. Department of State, 20 June 2014, https://2009-2017.state.gov/documents/organization/226849.pdf, p. 372.

2008 Anti-Trafficking in Persons Act three times (2015, 2017, 2019), and the ratification of the ILO Convention No. 188 on work in fishing[95]. This progress and the role of both the TIP downgrade and the yellow card were confirmed by several stakeholders interviewed for this study, as well as those surveyed for the 2024 ILA Report.[96] The 2025 US State Department TIP report acknowledges that the Thai government has sustained its broader efforts to combat human trafficking[97]. Beyond government reforms, private actors and civil society groups have also contributed to improving the traceability of Thai supply chains in the fishing and seafood sectors. A 2024 ILAB report dedicated to forced labour in the Thai fishing industry notes that Thai companies have implemented new codes of conduct and taken steps to monitor and audit their suppliers, investing in technologies such as blockchain traceability systems. In the absence of labour unions, civil society organisations are collaborating with private and government actors to address forced labour, for example by raising awareness of labour rights and supporting workers in labour disputes[98].

Despite this progress, forced labour persists throughout the fishing and seafood supply chain. Drawing from 400 interviews with stakeholders, the same ILAB report estimates that 12% of workers in the industry (i.e. meeting conditions of both involuntary work and coercion). This rate was the highest among dock workers (17%), followed by fishers (13%) and factory workers (10%). With the caveat that dock workers had a relatively lower sample (n=35), these findings are in line with the literature, which shows that

(95) ICF Macro, Inc., *Supply Chain Study on Forced Labour in the Fishing Industry in Thailand*, US Department of Labour, ILAB, Office of Child Labour, Forced Labour and Human Trafficking, Washington, DC, September 2024, https://www.dol.gov/sites/dolgov/files/ILAB/Supply-Chain-Study-Thailand-Fish-508.pdf.

(96) Ibid. See also Alin Kadfak and Sebastian Linke, 'More than Just a Carding System: Labour Implications of the EU's Illegal, Unreported and Unregulated (IUU) Fishing Policy in Thailand', *Marine Policy* 127 (2021): 104445, https://doi.org/10.1016/j.marpol.2021.104445.; Aimsiranun, U., 'Challenges concerning new generation FTA's labour provisions: Perspective from Thailand', *Vietnamese Journal of Legal Sciences*, Vol. 6, Issue 1, 2022, pp. 82-83; Kunnamas, N., 'Normative power Europe, ASEAN and Thailand', *International Economics and Economic Policy*, Vol. 17, 2020, pp. 765–781.

(97) U.S. Department of State, '2025 Trafficking in Persons Report :Thailand', 2025, https://www.state.gov/reports/2025-trafficking-in-persons-report/thailand.

(98) ICF Macro, Inc., *Supply Chain Study on Forced Labour in the Fishing Industry in Thailand*, US Department of Labour, ILAB, Office of Child Labour, Forced Labour and Human Trafficking, Washington, DC, September 2024, https://www.dol.gov/sites/dolgov/files/ILAB/Supply-Chain-Study-Thailand-Fish-508.pdf.

marine capture fishermen tend to be more vulnerable to forced labour than factory workers in fish processing[99].

Focusing on the case of migrant workers in the South-East Asia region, the ILO estimates that 9% of Thai migrant workers in the fishing and seafood industries are victims of forced labour, a much higher level than Japan (5%) and South Korea (2%), but significantly lower than Taiwan (25%) and China (55%)[100].

Beyond the fishing and seafood industries, the Thai government has sought to improve standards in other exporting sectors associated with risks of child and forced labour, such as the sugarcane and garment industries. In its 2022 report on the situation of child labour and forced labour issues in shrimp and fish products, sugarcane products and garment products of Thailand, submitted to the US Department of Labour 'for consideration of withdrawing the products from the TVPRA list and EO list'[101], the Thai government drew on a large list of sectoral and cross-sectoral policies, action plans, laws and enforcement mechanisms implemented to combat forced and child labour in the four targeted sectors. In addition to the reforms already described, these included:

- An increase in labour inspections;
- Creation of multiple several channels to file complaints (e.g. government hotline, website, P.O. box);
- Employer-driven certification programmes on child labour and forced labour, such as Thai Labour Standards (TLS) or Good Labour Practices (GLP), that have been applied to the shrimp, fish, garment and sugarcane sectors;

(99) Ibid, p. 31.

(100) Harkins, B., Lindgren, D. and Ratnawulan, D., *Towards Fair Seas: Recruitment and Working Conditions for Migrant Workers in the Fishing and Seafood Processing Sectors in South-East Asia*, ILO, Geneva, 2026, p. 71, https://doi.org/10.54394/MJBL0660.

(101) The TVPRA list of goods produced by child labour or forced labour is published by the US Department of Labor's ILAB under the Trafficking Victims Protection Reauthorization Act (TVPRA) of 2005. The EO list is required by US Executive Order No. 13126 ("Prohibition of Acquisition of Products Produced by Forced or Indentured Child Labor") and applies to federal procurement.

- Monitoring networks, such as the Labour Protection Network, migrant workers assistance centres, connecting civil society groups, employers and government actors[102].

The Thai government has put in place awareness campaigns for informal workers, social programmes to improve education among non-Thai nationals, and subsidies in remote areas to improve access to education for disadvantaged children and young people[103]. Despite these efforts, concerns remain about the effective enforcement of labour and social reforms. Some Thai stakeholders interviewed for this study underlined gaps in implementation, noting that informal and migrant workers continue to have limited access to labour inspectors, labour courts or complaint mechanisms. Likewise, the US Department of State's 2025 trafficking in persons report notes that inconsistent interviewing practices during labour inspections and victim identification interviews left many trafficking victims unidentified and without care, especially those exploited in forced labour and forced criminality[55].

In sum, although the Thai government has undertaken many legal and policy reforms to combat child and forced labour, Thai workers, especially migrant workers in the informal economy, continue to be at risk in the fishing and fish processing, sugarcane and garment industries, as well as in domestic industries such as construction or domestic work. These sectors are likely to be directly or indirectly affected by the EU-Thailand FTA.

#### 4.1.5.2 Right to join and form trade unions and to collective bargaining

Thailand is a party to the ICCPR, but has not ratified ILO Convention No. 87 on the freedom of association and protection of the right to organise (1948) and Convention No. 98 on the right to organise and collective bargaining (1948).

At national level, section 42 of the Thai Constitution provides that:

> 'A person shall enjoy the liberty to unite and form an association, cooperative, union, organisation, community, or any other group.

(102) Thailand, Ministry of Labour, *Report on the Situation of Child Labour and Forced Labour Issues in Shrimp and Fish Products, Sugarcane Products and Garment Products of Thailand during B.E. 2563 (2020) – B.E. 2564 (2021),* Submitted to the US Ministry of Labour for consideration of withdrawing the products from the TVPRA list and EO list, 2022.

(103) Ibid.

> The restriction of such liberty under paragraph one shall not be imposed except by virtue of a provision of law enacted for the purpose of protecting public interest, for maintaining public order or good morals, or for preventing or eliminating barriers or monopoly.'

Despite this constitutional protection and the fact that Thailand recently started revising its legislation to bring it in line with the ILO conventions[104], only 3.3% of workers belonged to a labour union in 2019 (latest official ILO estimate), one of the lowest rates in southeast Asia, with little progress since 2009 (3%[105]. Collective bargaining coverage stands at 1.1%, providing little protection to the vast majority of Thai workers[106].

According to the ILO, Thailand's low trade union density and collective bargaining coverage are due to three main factors: 1) restrictive laws; 2) employers' anti-union activity; and 3) lack of enforcement of workers' rights[107].

Thai laws constrain the scope of workers eligible to join unions, either by omission or by design. First, the two main laws protecting Thai workers' rights to organising unions and collective bargaining, the LRA (1975) and the State Enterprise Labour Relations Act (SELRA) (2000) apply to private sector employees and workers in state-owned companies, respectively. They exclude other categories of workers and considerably restrict the categories of workers entitled to form or join unions:

- The LRA forbids employees with supervisory functions[108] from becoming union members.
- Both LRA (section 96) and SELRA (section 41) prohibit non-Thai nationals from establishing unions or leading officially recognised unions. According to the ILO,

(104) Aimsiranun, U., 'Challenges concerning new generation FTA's labour provisions: Perspective from Thailand', *Vietnamese Journal of Legal Sciences*, Vol. 6, Issue 1, 2022, pp. 89-90.

(105) ILOSTAT, 'Thailand', 2024, https://ilostat.ilo.org/data/country-profiles/tha/.

(106) ILOSTAT, Title, 2020.

(107) ILO, 'International Labour Standards and Thai Trade Unions Agenda for Labour Law Reforms, 10 March 2017, https://www.ilo.org/meetings-and-events/international-labour-standards-and-thai-trade-unions-agenda-labour-law.

(108) LRA, section 95, 'a superior or an executive with the power to hire, reduce wages, dismiss the employment, take disciplinary or reward actions cannot become a member of a trade union established by other employees'. Complete English version of the 1975 LRA: https://natlex.ilo.org/dyn/natlex2/natlex2/files/download/14497/THA14497Eng.pdf.

these restrictions contribute to chronic violations of workers' rights in sectors that rely heavily on migrant workers, such as fishing and seafood industries.

- Thai labour laws and court decisions have restricted union rights among 'subcontracted' workers hired under short-term contracts, who represent a significant share of Thailand's workforce in many industrial sectors destined for exports, including automobiles, auto parts, electrical appliances and electronics[109].
- Neither farmers nor workers in the informal economy have guaranteed rights to form unions, despite their large representation in the Thai economy[110].
- The Civil Service Act (2008) forbids any public employee (including teachers, healthcare workers, administrative employees) at any level of government from organising unions. They may form associations but not labour unions, meaning they cannot have collective bargaining contracts.
- The Private University Act (2003) forbids unions among teachers and professors at private schools and universities.

Violations of Thai workers' freedom of association and right to collective bargaining are widely documented by both Thai and international labour unions, as well as nonprofit organisations (e.g. Freedom House, CIVICUS)[111], and have been raised under the ILO supervisory mechanism in numerous cases.

Case 3164 was brought to the ILO Committee on Freedom of Association (CFA) by IndustriALL Global Union, an international union federation representing 50 million workers in the mining, energy and manufacturing industries. It laid out systematic violations of freedom of association and collective bargaining rights in numerous sectors of the economy. The Thai government contested these accusations, pointing to the protection of union rights under the LRA, the SELRA, the Thai Constitution, the Interim

(109) International Trade Union Confederation (ITUC), International Transport Workers' Federation (ITF), and State Enterprises Workers' Relations Confederation (SERC) in Thailand, 'Contribution to the Universal Periodic Review of Thailand, Office of the High Commissioner for Human Rights, UPR Secrétariat, 2021.

(110) Wanasiri, S., *Freedom of association in Thailand: an assessment of the enabling environment for civil society*, CIVICUS, October 2020, https://www.civicus.org/documents/reports-and-publications/eena-reports/thailand-CIVICUS-FOA-assessment_en.pdf.

(111) Ibid.; International Trade Union Confederation (ITUC), International Transport Workers' Federation (ITF), and State Enterprises Workers' Relations Confederation (SERC) in Thailand, 'Contribution to the Universal Periodic Review of Thailand, Office of the High Commissioner for Human Rights, UPR Secrétariat, 2021.

Constitution and other related laws, but ultimately undertook efforts to reform its labour laws in collaboration with the ILO[112].

In addition to these *de jure* restrictions, efforts to organise unions have been widely hampered by employers' hostility to union organising and by the Thai government's failure to enforce union rights. Unions and union leaders have faced dismissals, criminal charges, severe fines and at times prison terms for their activities, as reported by both ILO and union groups[113]. The ILO supervisory mechanism has raised concerns about these violations: its detailed report on Case 3164 underlined that the Thai government, while systematically contesting the legal restrictions imposed on workers, repeatedly acknowledged 'the numerous incidents of lockout, suspension, transfer, layoff and dismissal of a large number of trade union leaders and members, often for seemingly anti-union purposes', but interpreted workers' dismissal as their own voluntary decision[114].

More recently, the Thai government has re-engaged on the ratification of ILO conventions by reaffirming its intention to reform the LRA and SELRA in line with ILO Conventions No. 87 and 98. The context of EU-Thailand trade negotiations could help to build momentum toward ratification. The impact assessment disfcusses how this process might be achieved under an implementation roadmap that reflects both partners' approach to trade and labour rights.

#### 4.1.5.3 Elimination of discrimination in employment and occupation

While aggregate trends in poverty and inequality show notable progress over the past decade, specific segments of the Thai workforce continue to suffer from persistent forms of discrimination. Beyond the regional disparities highlighted in the baseline, a

(112) ILO Committee on Freedom of Association, *Report in which the committee requests to be kept informed of development*, Report No 380, ILO, October 2016, https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:50002:0::NO::P50002_COMPLAINT_TEXT_ID:3302068.

(113) Freedom House, 'Freedom in the World 2025: Thailand', 2025, point E3, https://freedomhouse.org/country/thailand/freedom-world/2025.

(114) ILO Committee on Freedom of Association, *Report in which the committee requests to be kept informed of development*, Report No 380, ILO, October 2016, https://normlex.ilo.org/dyn/nrmlx_en/f?p=NORMLEXPUB:50002:0::NO::P50002_COMPLAINT_TEXT_ID:3302068.

closer look at gender, racial and disability discrimination at work provide a more granular picture of Thailand's socioeconomic conditions and labour rights.

The situation of female workers in Thailand shows a mixed record: outstanding results by some measures, yet with persistent forms of inequality and discrimination. Gender inequality is comparatively low both in the region and compared to other upper middle-income countries. Thailand ranks sixth for gender equality in the EAP region, according to the 2025 World Economic Forum (WEF) Global Gender Gap Index[115]. Thailand's pay gap is negative, i.e. at aggregate level, women earn 3.6% more than men, according to ILO 2024 data. This equitable gender pattern is true at all levels of wage distribution[116], with women also making significant progress in management positions over the past 15 years, rising from 24.6% in 2011 to 38% in 2024 (see Figure 4). Over the past two decades, the share of women occupying middle-skilled, non-routine jobs, as well as high-skilled positions, has overtaken that of men for the same two categories (see **Error! Reference source not found.**.1C). A similar trend is evident for high-end services (see **Error! Reference source not found.**.1D). Thailand also stands out in terms of corporate ownership. According to the World Bank's Entrepreneurship database, it is the only economy in the world that has always had a higher share of female sole proprietors from 2014 to 2024[117]. This performance is largely due to women's superior education levels, both for high school and higher education (see **Error! Reference source not found.**.1A).

- This positive record comes with several caveats. First, women continue to have a significantly lower labour force participation rate than men, with a 16 pp difference, according to the World Bank (see **Error! Reference source not found.**.1B). This gap tends to offset the relative advantage that women have in higher-skilled occupations. Second, while Thai women outperform men for tertiary education, a greater share of women have not completed primary education. Third, while Thailand performs very well on gender equality for employment and education overall, women continue to face discrimination in specific sectors. According to one stakeholder

(115) World Economic Forum (WEF), *Global Gender Gap Report 2025,* World Economic Forum, Geneva, June 2025, https://reports.weforum.org/docs/WEF_GGGR_2025.pdf.

(116) Manachotphong, W., *Gender Wage Gap in Thailand*, Gender and Inclusion Knowledge Management Note 1, World Bank, Washington, DC, n.d., https://openknowledge.worldbank.org/server/api/core/bitstreams/0eb7cff7-d002-5960-911d-bec6ecc20f52/content.

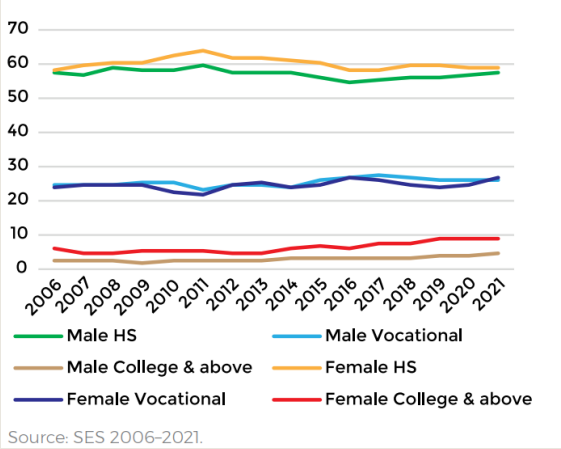
(117) Hashad, R., Le Gall, L. and Meunier, F., 'What the numbers reveal about women's entrepreneurship', World Bank Blog, 25 March 2026, https://blogs.worldbank.org/en/psd/what-the-numbers-reveal-about-women-s-entrepreneurship.

interviewed for this study, this is the case in the construction sector, where women receive lower pay and have shorter breaks than men for equivalent work. Likewise, in seafood processing, where women constitute a majority of assembly line workers, restricted restroom access tend to disadvantage female workers[118].

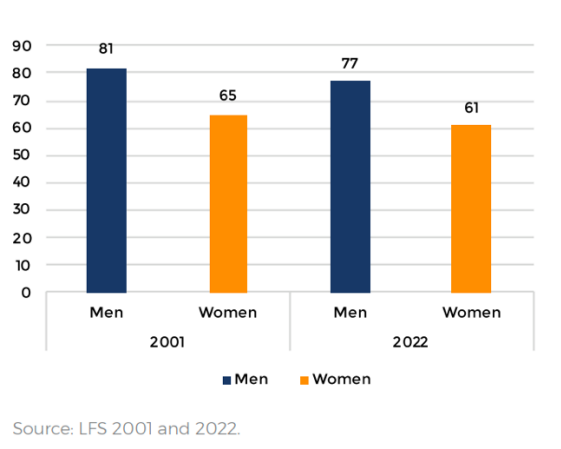
the political sphere, with very few women elected to parliament or holding ministerial positions[119].

**Figure 6: Gender disparity in education and employment**

**1A. Grade attendance by gender (%), age 15-24, 2006–2021**



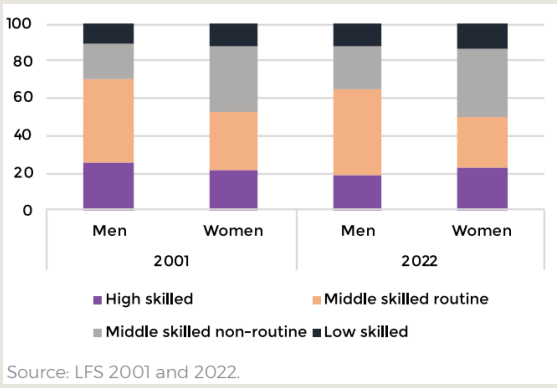

**1B. Labour force participation by gender (%), 2001 and 2022**



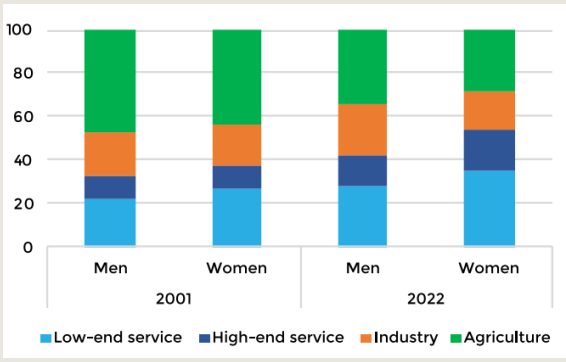

(118) Thailand Development Research Institute (TDRI), 'EU-Thailand FTA Trade and Sustainability Impact Assessment: Consolidated Findings of the Thai Stakeholder Consultations in Priority Areas,' July 31, 2026.

(119) Thailand ranks 105 out of 148 countries for political empowerment, compared to 1st for educational attainment (as other countries having achieved gender parity) and 17th for economic participation and opportunities (WEF, *Global Gender Gap Report 2025*, World Economic Forum, Geneva, June 2025, https://reports.weforum.org/docs/WEF_GGGR_2025.pdf).

**1C. Occupation, by gender and skills**




**1D. Sector of employment, by gender**




*Source: World Bank.*

Migrant workers play an important role in Thailand's economy, contributing to between 4.3 and 6.6% of its GDP. Labour shortages in agriculture, manufacturing, commercial fishing and domestic work serve as pull factors to attract individuals from nearby countries. According to national statistics, there are 3.14 million migrant workers in a regular situation, the majority of whom come from Myanmar (2.38 million, or 75.5%), Cambodia (0.5 million, or 15,9%) and Laos (0.26 million, or 8.4%)[120]. In addition to regular forms of migration, the IOM estimates that there are 1.8 million irregular Myanmar migrants in Thailand.

Thailand has not ratified the key ILO migration conventions: ILO Convention No. 97 on migration for employment (revised) and Recommendation No. 86 (1949); and ILO Convention No. 143 on migrant workers (supplementary provisions) and Recommendation No. 151 (1975), which together cover the protection of migrant workers and the governance of labour migration. According to the IOM, Thailand has established a robust management system to regulate migration flows and migrant workers' rights, but inconsistent enforcement has led to the persistence of undocumented migration and risks of human rights' violations[121]. According one stakeholder, given labour shortages in the Thai economy, the current quota system for

(120) International Organization for Migration (IOM), 'Thailand labour migration profile: Recruitment and employment trends and risks of migrant workers', IOM Bangkok, 2025, https://thailand.iom.int/sites/g/files/tmzbdl1371/files/documents/2025-03/iom-labour-migration-profile-thailand.pdf.

(121) Ibid.

migrant work permits invites under-the-table payments from migrant workers competing for jobs[122].

The expert consultation added the structural diagnosis: the current quota system for migrant work permits invites under-the-table payments from workers competing for quota places.

Two recent crises have had significant ramifications for migrant workers. First, the COVID-19 pandemic revealed pre-existing inequality patterns and exacerbated the precarious living and working conditions of migrant workers, who were the first victims of job losses, reduced working hours and inadequate protection from disease transmission[123]. Second, the February 2021 military coup in Myanmar and the subsequent armed conflict has brought the country into turmoil. Deteriorating security and socioeconomic conditions have displaced millions of Myanmar citizens, many of whom have sought asylum in Thailand and joined the workforce as irregular migrants.

Both regular and irregular migrants are disproportionately represented in the informal sector, making them particularly vulnerable to labour exploitation, including debt bondage, payments under the minimum wage, lack of social protection, child and/or forced labour. Structural discrimination and stigmatisation exacerbate the vulnerabilities of the migrant workforce. According to a recent IOM report[124], migrants, especially from Myanmar, are particularly vulnerable to underpayment of wages in agriculture and seafood processing. According to one NGO interviewed during consultations, refugee workers are the most vulnerable earning even lower wages than other migrant workers[125]. These inequities concern some export sectors that would be impacted by an EU-Thailand FTA, whether through trade liberalising measures or through the enforcement of its TSD chapter.

(122) Thailand Development Research Institute, 'Consolidated Findings of the Thai Stakeholder Consultations in Priority Areas,' July 31, 2026.

(123) ILO, *Experiences of ASEAN migrant workers during COVID-19: Rights at work, migration during the pandemic, and remigration plans: Second assessment,* ILO, Geneva, 2021.

(124) IOM, 'Thailand labour migration profile: Recruitment and employment trends and risks of migrant workers,' 2025.

(125) Thailand Development Research Institute, 'Consolidated Findings of the Thai Stakeholder Consultations in Priority Areas,' July 31, 2026.

The challenge of eliminating discrimination in employment also applies to indigenous populations in Thailand. This question is examined from a broader perspective in the human rights analysis.

#### 1.1.1.1. Occupational safety and health

Thailand's approach to occupational safety and health at work reflects both its willingness to reform its labour laws and policies in line with international labour standards and the persistent challenges of its labour market, including its high level of informality and low union density. Over the past two decades, the Thai government has undertaken a series of measures to improve occupational safety and health at both national and sectoral levels. At the national level, Thailand has implemented successive National Master Plans on occupational safety, health and environment (2002-2006, 2007-2011, 2012-2016 and 2017-2026) with four main objectives converging to protect the safety and health of working people: 1) building skills and capacity among personnel and organisations to manage OSH; 2) increasing access, participation and recognition of OSH by all sectors; 3) building up a preventive culture on OSH, including through inspection; 4) gathering comprehensive data to measure progress in OSH[126]. Building on these various steps, in June 2025, Thailand ratified ILO Occupational Safety and Health Convention (No. 155) and the Protocol of 2002 to the Occupational Safety and Health Convention (P 155), renewing its commitment to the protection of workers' safety and health.

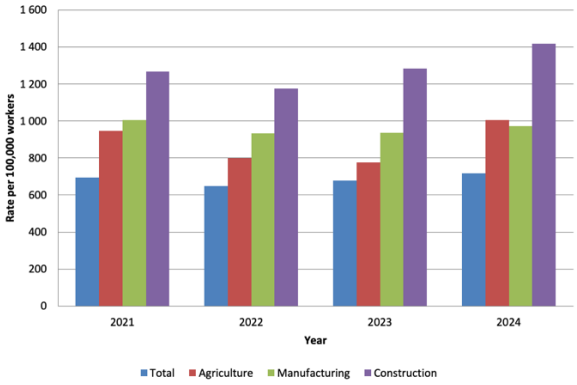
These national strategies on OSH were paired with broader policies targeting workers' violations (including child and forced labour) in specific sectors, including the aforementioned plans to improve traceability and working conditions in the fishing, fish processing and aquaculture sectors (with the assistance of ILO and EU), agriculture (e.g. sugarcane), and manufacturing (e.g. textile), some of which were implemented with the assistance of the ILO and the EU. The private certification schemes promoted by the government under Thai Labour Standards (TLS) and Good Labour Practices (GLP) also include commitments to occupational safety and health. At the aggregate level, according to ILO statistics, Thailand doubled its number of inspectors per 10,000

([126]) These four objectives are not listed as such but the author's summary of key objectives as stated in Thailand's official documents: Thailand, Department of Labour Protection and Welfare, Division of Occupational Safety and Health Inspection, *The Second Master Plan on Occupational Safety, Health and Working Environment (A.D. 2007–2011), A.D. 2009 Revision* (Bangkok: ILO/Japan Multi-Bilateral Programme, International Labour Organization, 2009), https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@sro-bangkok/documents/policy/wcms_124428.pdf; Thailand, Ministry of Labour, Department of Labour Protection and Welfare, Occupational Safety and Health Bureau, *The National Agenda "Decent Safety and Health for Workers," Phase II (2017–2026) & The 2nd National Master Plan on Occupational Safety, Health and Environment (2017–2021)* (Bangkok: Department of Labour Protection and Welfare, June 2017), https://asean-osh.labour.go.th/wp-content/uploads/2025/09/osh-mp_eng.pdf

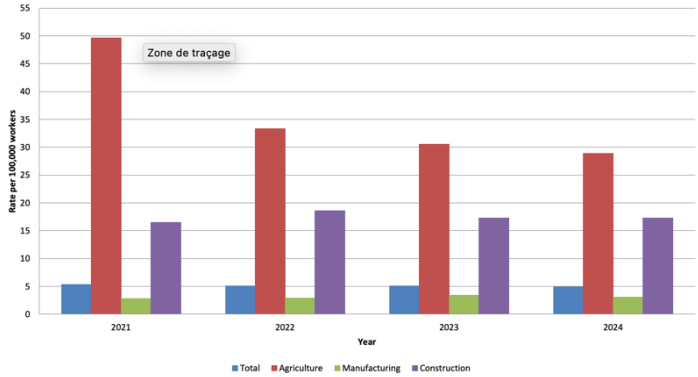
workers between 2015 and 2024 (from 0.2 to 0.4).[127] Likewise, the number of workplaces certified for labour inspection increased by 47% between from 2015 and 2024 (from 350,961 to 516,107). These various reforms have had mixed results. ILO data shows that the rate of non-fatal injuries slightly increased from 2022 to 2024 at the aggregate level (total), in the agricultural, manufacturing and construction sectors. Conversely, fatal injuries became less frequent in the agricultural and construction sectors (Figure 7).

**Figure 7: Evolution of non-fatal and fatal injuries for key sectors**

**Non-fatal injury rate (per 100,000 workers)**




**Fatal injury rate (per 100,000 workers)**




Source: ILOSTAT.

Given the size of the informal sector in Thailand, this data must be interpreted with caution. Within the framework of consultation, one NGO noted that some factories in the seafood process industry forbid workers from reporting workplace injuries in order to keep official injury statistics at zero[128]. As mentioned above, better data collection is a crucial objective of the Thai government, and the focus of the ILO's "Promoting a safe and healthy working environment in Thailand and Cambodia" project, funded by the Government of Japan, under the global ILO's programme "Safety + Health for All"[129].

In short, the situation in occupational safety and health in Thailand cannot be dissociated from the broader characteristics of its labour markets. It is in this context that the impact of the EU-Thailand FTA must be assessed.

(127) As reference points, France's ratio increased from 0.2 to 0.8 over the same period; Germany's ratio from 0.2 to 1.4.

(128) Thailand Development Research Institute, Consolidated Findings of the Thai Stakeholder Consultations in Priority Areas,' July 31, 2026, p. 28.

(129) International Labour Organization, "Thailand Takes Action to Improve Occupational Safety and Health Statistics," ILO Newsroom, April 16, 2025, https://www.ilo.org/resource/news/thailand-takes-action-improve-occupational-safety-and-health-statistics (retrieved in June 2026, link temporarily inactive).

### 4.1.6 Approach to trade and labour in Thailand

Thailand has negotiated 17 FTAs with 24 countries, seven of which are regional agreements with other ASEAN countries[130]. According to the ILO's Labour Provisions in Trade Agreements Hub (LP), none of these agreements include labour provisions, except the Thailand-Chile FTA. In the EFTA-Thailand FTA signed in January 2025, Thailand adopted new social commitments laid out in the TSD chapter. The FTA reflects the 'latest version of EFTA's model chapter on trade and sustainable development'[131], a model largely inspired by the EU's TSD approach[132], which includes commitments to: implement and enforce domestic labour laws and regulatory standards; 'respect, promote and realise' ILO fundamental rights at work; promote social dialogue and tripartism and build a well-functioning labour inspection system; promote responsible business conduct; strengthen cooperation on trade- and investment-related labour issues of mutual interest. On enforcement, both parties prioritise bilateral consultations and cooperation and, if necessary, mediation through a panel of experts over sanction-based dispute settlement[133]. Article 10 (5) §4 states that labour (and environmental) issues are excluded from arbitration under the FTA's dispute settlement chapter.

(130) At bilateral level, Thailand's FTAs include: Thailand-Australia, Thailand-New Zealand, Thailand-Japan, Thailand-Peru, Thailand-Chile, and the Thailand-India trade in goods agreement. Beyond the ASEAN Free Trade Area (AFTA) and the ASEAN Economic Community (AEC), ASEAN FTAs include: ASEAN-China, ASEAN-India, ASEAN-Japan, ASEAN-South Korea, ASEAN-Australia-New Zealand, ASEAN-Hong Kong and the regional comprehensive economic partnership (RCEP) between ASEAN countries, Australia, China, Japan, New Zealand and South Korea.

(131) EFTA Secretariat, 'EFTA-Thailand Free Trade Agreement Conclusion of Negotiations', February 2025, https://www.efta.int/sites/default/files/uploads/2025-02/EFTA-Thailand%2CChapterbyChapterFactsheet.pdf.

(132) LSE Consulting, *Comparative analysis of trade and sustainable development provisions in trade agreements*, LSE, London, 2022, https://www.lse.ac.uk/business/consulting/assets/documents/TSD-Final-Report-Feb-2022.pdf.

(133) Article 10(15) stipulates that Parties shall seek consultations in the Joint Committee for any matter arising under the trade and sustainable development chapter and 'shall make every attempt to reach a mutually satisfactory resolution of the matter and may seek advice from relevant organisations, bodies or experts' (para. 2).

## 4.2 Impact assessment

### 4.2.1 Employment and welfare effects

Table 2 summarises some broad potential social effects of the EU-Thailand FTA, based on the CGE modelling. Welfare effects are expected to be positive for both the EU and Thailand, but relatively (compared to GDP) much more significant for Thailand under both conservative and ambitious scenarios. The FTA is expected to have a marginal impact on EU real wages, with slightly more positive effects on unskilled workers (+0.02%) than skilled workers (+0.01%) under the conservative scenario, although this small differential is muted under the ambitious scenario (+0.02% for each category of workers).

For Thailand, the effects are expected to be more significant and more beneficial to skilled workers, with estimated wage gains at 0.82%, compared to 0.80% for unskilled workers under the conservative scenario. Under the ambitious scenario, the effects of the EU-Thailand FTA are also projected to be slightly more positive for skilled (+0.92%) than unskilled workers (+0.90%). Consumer prices are expected to rise marginally in the EU and more significantly in Thailand, in line with real wage increases.

**Table 2: Welfare and wage effects in the EU and Thailand**

| | Conservative scenario | | | Ambitious scenario | | |
|---|---|---|---|---|---|---|
| | Welfare (USD million) | Real wages, skilled (%) | Real wages, unsk. (%) | Welfare (USD million) | Real wages, skilled (%) | Real wages, unsk. (%) |
| EU-27 | 1,883 | 0.01 | 0.02 | 2,434 | 0.02 | 0.02 |
| Thailand | 2,483 | 0.82 | 0.80 | 3,015 | 0.92 | 0.90 |

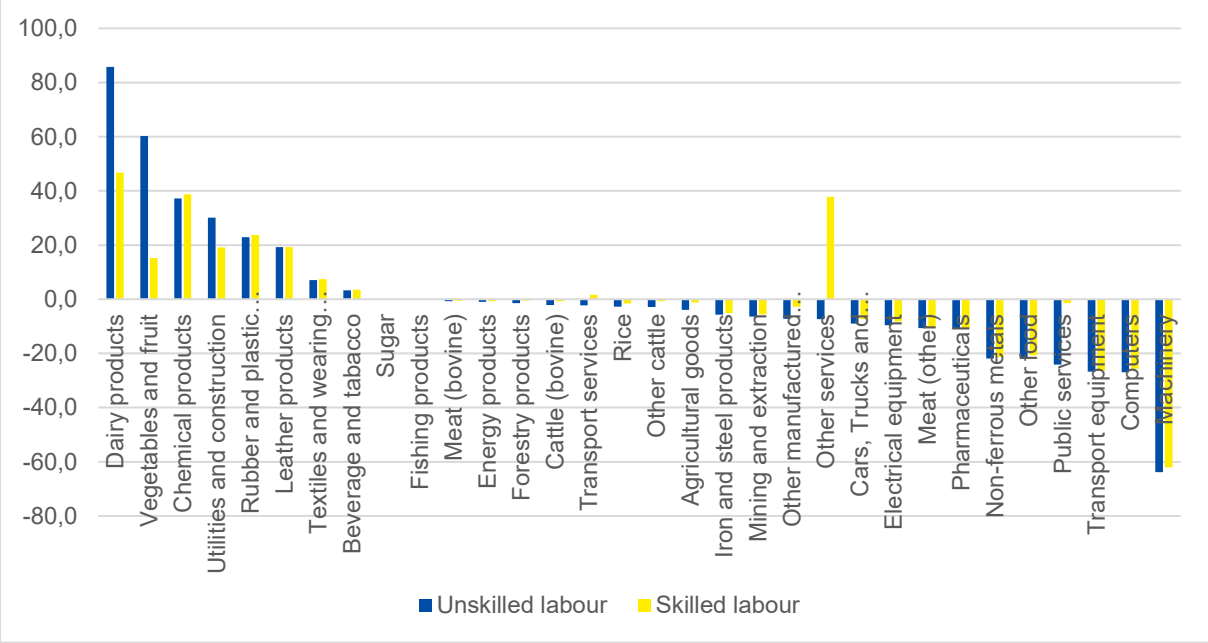
*Source: CGE modelling results.*

Figure 8 to Figure 11 analyse the potential sectoral effects of the EU-Thailand FTA on employment in the EU and Thailand under each scenario. Of the sectors that might be most impacted in the EU in the conservative scenario, the greatest employment gains are expected in dairy, produce, chemicals, utilities and construction, rubber and plastics, leather products and 'other' services (i.e. other than transportation or public services),

while potential job losses are anticipated in the machinery, computer and transport equipment sectors.

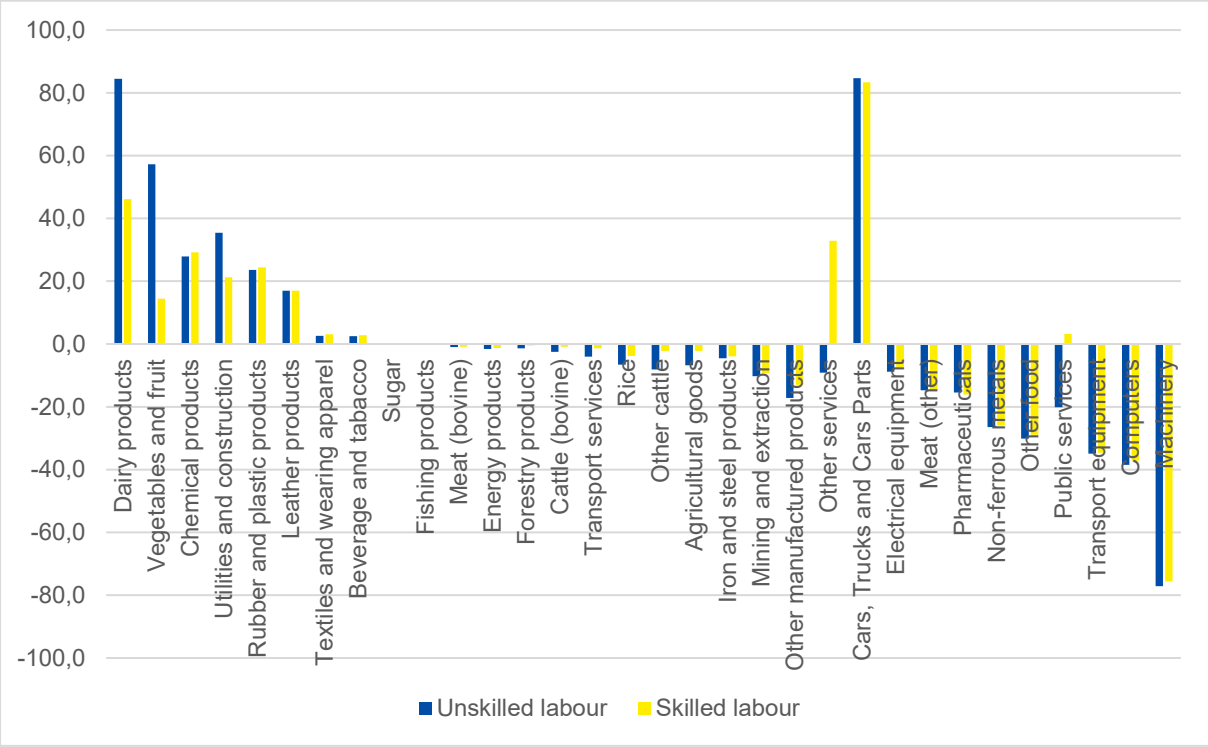
Unskilled workers are more likely to benefit most in the dairy, produce and utilities and construction sectors, while skilled workers are likely to benefit relatively more in the chemicals, rubber and plastics, leather as well as other services. Under the ambitious scenario, the same sectors are expected to be impacted at a different level (higher in some cases, lower in others) with one major difference in the auto industry (car, trucks and car parts), shifting from minor negative effects to major positive effects, possibly as a result of the lowering of NTBs.

**Figure 8: Sectoral effects on EU employment in conservative scenario**




*Source: CGE modelling.*

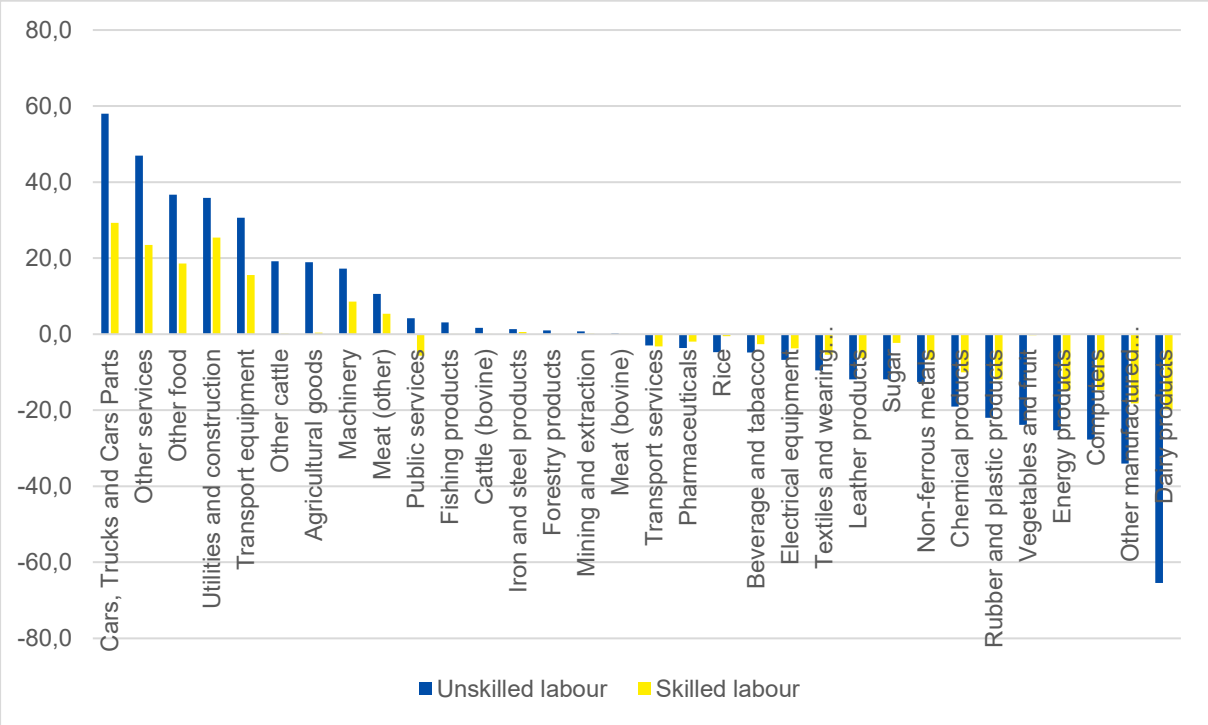
**Figure 9: Sectoral effects on EU employment in ambitious scenario**




*Source: CGE modelling.*

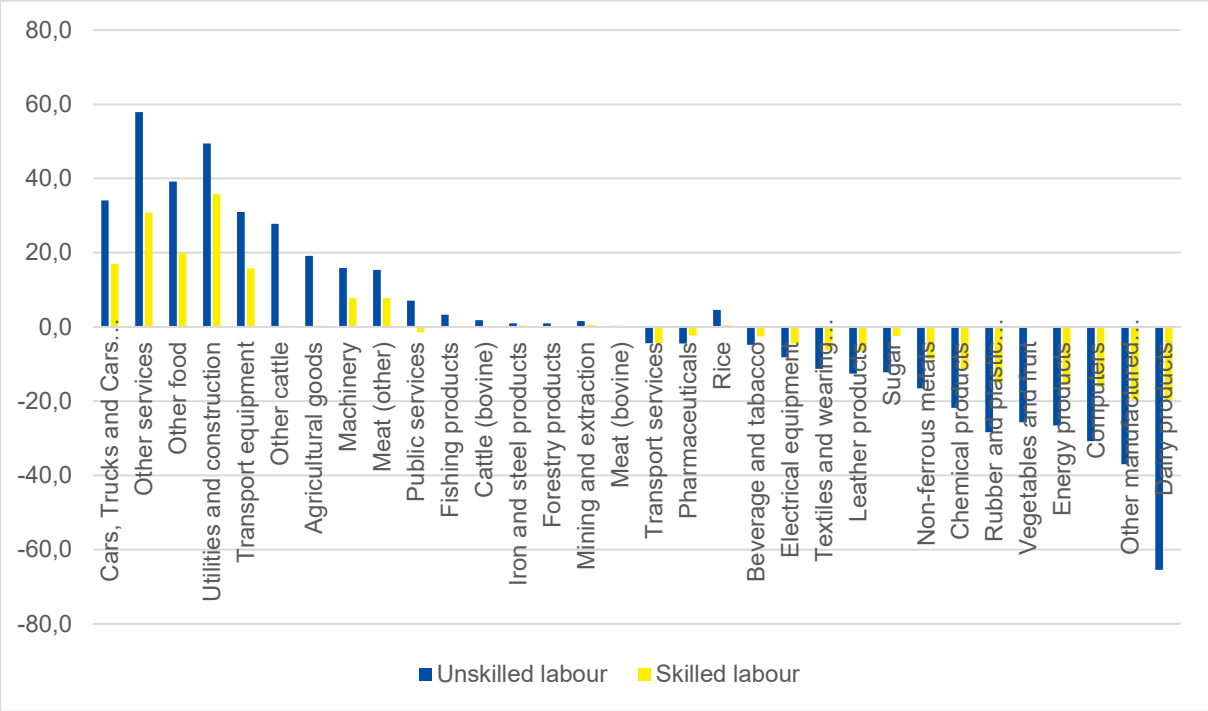
For Thai employment, trade liberalisation with the EU is expected to have the greatest benefits in the auto industry (cars, trucks and car parts), services, food, utilities and construction and transport equipment under the conservative scenario. The sectors most susceptible to suffer job losses include dairy, other manufacturing goods, computers, energy products and vegetables and fruit under the conservative scenario. The CGE modelling under the ambitious scenario points to similar sectors for both potential employment gains and job losses. Overall, unskilled workers are expected to be the primary actor of these new trade dynamics: they tend to benefit more from sectoral effects, but are also more directly impacted when job losses occur.

**Figure 10: Sectoral effects on Thai employment in conservative scenario**




*Source: CGE modelling.*

**Figure 11: Sectoral effects on Thai employment in ambitious scenario**




*Source: CGE modelling.*

These figures do not take into account the cumulative effects of trade liberalisation in different sectors, which is beyond the scope of this study[134]. The socioeconomic effects of the EU-Thailand FTA will be examined more closely through the prism of labour rights in subsequent sections.

### 4.2.2 Impact on labour rights

If CGE results provide a useful analytical framework to explore the FTA's wage and employment effects at aggregate and sectoral level, they have limited predictive capability for the evolution of labour rights, which requires greater consideration of

(134) European Commission, JRC, Boulanger, P. et al., *Cumulative economic impact of future trade agreements on EU agriculture*, JRC Science of Policy report, Publications Office of the European Union, Luxembourg, 2016, https://publications.jrc.ec.europa.eu/repository/bitstream/JRC103602/lb-na-28206-en-n_full_report_final.pdf; European Parliament, *Finding the right balance across EU FTAs: benefits and risks for EU economic sectors*, Publications Office of the European Union, Luxembourg, 2018, https://www.europarl.europa.eu/RegData/etudes/STUD/2018/603881/EXPO_STU(2018)603881_EN.pdf.

political factors. The impact of the EU-Thailand FTA on labour rights will operate mainly through two channels: 1) sectoral trade effects; and 2) regulatory provisions related to labour issues, specifically, the design and implementation of the TSD chapter. The complex linkages between trade and labour rights preclude any definitive conclusion on the potential impact of the EU-Thailand FTA on workers' rights and working conditions in Thailand. First, because of the relatively minor effects of the EU-Thailand FTA at aggregate level, especially for the EU. Second, the current dynamics of policy reforms, especially in Thailand, are likely to play a much larger role in the protection of labour rights than trade liberalisation itself. This does not mean that domestic reforms and trade integration are mutually exclusive factors: in some cases, both can contribute to increased protection of labour rights. Table 3 provides an overview of the potential effects of key TSD provisions. The following sub-sections look closely at each category of labour rights in turn, focusing on fundamental principles and rights at work in Thailand.

**Table 3: Potential effects of key TSD provisions**

| Key TSD provisions | Main economic sectors that could be affected | Potential social impacts | Key stakeholders |
|---|---|---|---|
| Upholding levels of protection (non-regression) | Sectors facing increased competition on each side | Renewed or sustained efforts to protect workers' rights | Government agencies, unions, business groups, ILO |
| Commitment to ILO's fundamental conventions on freedom of association and collective bargaining | Manufacturing, agriculture and public sectors | Dialogue and cooperation toward possible ratification and implementation of ILO Conventions No. 87 (freedom of association) and No. 98 (collective bargaining) | Government agencies, unions, business groups, ILO |
| Commitment to ILO's fundamental principles and rights and work: elimination of forced and child labour | Agriculture, textile, fishing and seafood industries, domestic work | Dialogue and cooperation, with renewed commitment to improve traceability and working conditions in supply chains at sectoral levels | Government agencies, unions, business groups, ILO |
| Commitment to ILO's fundamental principles and rights: elimination of discrimination | Agriculture, textile, fishing and seafood industries, domestic work, construction | Dialogue and cooperation, with more limited and indirect impact on discrimination | Government agencies, unions, business groups, ILO |

| Key TSD provisions | Main economic sectors that could be affected | Potential social impacts | Key stakeholders |
|---|---|---|---|
| Commitment to ILO's fundamental principles and rights: safe and healthy environment | Fishing and seafood industries, manufacturing, construction | Dialogue and cooperation, with commitment to implement ILO Convention No. 155 on occupational safety and health (2026) | Government agencies, unions, business groups, ILO |
| Trade and sustainable business conduct | All sectors | Dialogue and cooperation building on recent public and private initiatives | Government agencies, unions, business groups, ILO |

*Source: Authors' elaboration.*

## Forced labour and child labour

As discussed above, the EU-Thailand FTA will affect the situation of labour rights through both trade channels and bilateral cooperation, most notably under the FTA's TSD chapter. Understanding its potential effects on child labour and forced labour requires breaking down the drivers of labour exploitation, to see the extent to which trade and regulatory integration might impact structural conditions. A review of the literature reveals that factors of forced labour fall into four interrelated categories, all of which are relevant for the case of Thailand: 1) labour relations, more specifically informal employment; 2) socio-economic factors (including poverty, inequality and discrimination); 3) economic factors including market pressure and supply chain complexity; and 4) political and legal factors, namely inadequate legal and institutional frameworks, including insufficient grievance mechanisms.[135] The EU-Thailand FTA may affect each of these factors, whether directly or indirectly.

Informal employment is a key driver of forced and child labour, and in the present case, a significant part of Thai economy, representing, depending on the measure, between 53 and 63% of overall employment, and up to 90% of agricultural employment. However, the causal relation between trade liberalisation and informality in developing countries has long been a contested debate in academic and policy circles, making predictions on the impact of the EU-Thailand FTA uncertain. Some studies, including a 2009 joint report by the WTO and ILO, argue that tariff cuts can lead to increased informal employment. This comes as a result of two distinct processes: 1) firms exposed to increased competition may resort to informal employment through subcontracting in order to reduce labour costs; and 2) workers dislocated by trade liberalisation may seek employment in the

([135]) For a discussion of drivers, see e.g. ILO Global Business Network on Forced Labour, *Eradicating Forced Labour: What Works in Practice* (Geneva: International Labour Office, 2022), https://flbusiness.network/wp-content/uploads/2022/09/ilo_gbnfl-what_works_report_final_sep22.pdf.

informal sector.[136] However, increased trade can also amplify trade gains by reallocating resources from informal to formal firms, contributing to reduce informality.[137]Thus, as noted in a 2011 OECD report, the relation between trade and informality remains "complex and context-specific," shaped by a variety of factors including labour market institutions, capital mobility, workers' skill levels, technological intensity and cultural norms.[138] In Thailand, these elements must be factored in against the backdrop of the recent decline in informal employment, as discussed in the baseline.

First, the results of the CGE modelling show that specific Thai sectors associated with risks of child labour and forced labour, and more broadly, labour abuse, may come under strain as a result of tariff liberalisation under both scenarios. This is the case for subsegments of the agriculture sector like sugar cane, dairy, vegetables and fruit, where informality is prevalent, as well as the textile sector. In agriculture, this would expose already vulnerable farm workers to increased competition, with rising risks of labour exploitation, including cases of forced labour and child labour. In the textile sector, this could lead to increased reliance on subcontractors and informal forms of employment, thereby increasing risks of labour abuse. Conversely, sectors expected to benefit from trade gains could also expose European firms to what is perceived as unfair competition taking advantage of abusive working conditions, a point that was raised by several European social partners as part of the OPC survey.

These risks will require adjustment measures, especially in the absence of robust labour institutions in Thailand, described in the section on freedom of association and collective bargaining. These measures could take the form of social protection along the lines of those granted during the Covid-19 pandemic, training schemes capitalising on Thailand's robust education system, renewed commitment to formalisation programmes as well as increasing labour inspection. This would ensure that the informal sector is not left to absorb displaced workers under exploitative working conditions. By contrast, the gains arising from trade liberalisation in the fishing, fish processing and aquaculture industries as well as agricultural sectors could help formalise more segments of Thailand's value

(136) Marc Bacchetta, Ekkehard Ernst, and Juana P. Bustamante, *Globalization and Informal Jobs in Developing Countries* (Geneva: WTO Publications / International Labour Organization, 2009); Pinelopi Goldberg and Nina Pavcnik, "The Response of the Informal Sector to Trade Liberalisation," *Journal of Development Economics* 72 (2003): 463–496. See also Rafael Dix-Carneiro and Brian K. Kovak, "Margins of Labor Market Adjustment to Trade," NBER Working Paper 23595, July 2017.

(137) Rafael Dix-Carneiro, Pinelopi Goldberg, Costas Meghir, and Gabriel Ulyssea, "Trade and Domestic Distortions: The Case of Informality," *Econometrica* 94 (2026): 573–618, https://doi.org/10.3982/ECTA19378.

(138) Lori Munro, "A Literature Review on Trade and Informal Labour Markets in Developing Countries," OECD Trade Policy Papers, No. 132 (Paris: OECD Publishing, 2011), https://doi.org/10.1787/5kg3nh4xwxr0-en.

chains whose labour standards have already benefitted from greater oversight from both corporate and government actors.

Another key driver of forced and child labour that is closely related to informality in the case of Thailand is the presence of undocumented migrant workers in the agriculture, fishing and seafood industries. Here, the effects of trade are perhaps more indirect. Admittedly, Thailand's export-oriented sectors constitute pull factors attracting migrants seeking better opportunities. Additionally, supply chain opacity and complexity allow employers to exploit vulnerable migrant workers. However, in the case of Thailand, the largest driver of migrant workforce is primarily due to the ongoing political and economic crisis in Myanmar. In this case, solutions to the persistence of child and forced labour go beyond EU-Thailand trade relations or the bilateral dialogue established under its TSD chapter, which doesn't mean that the European Union or Thailand cannot play diplomatic a role in helping solve this crisis.

Finally, the impact of the EU-Thailand FTA on forced labour and child labour in Thailand will also hinge upon bilateral cooperation under the TSD chapter. The FTA's draft TSD chapter includes commitment to "respect, promote and realise the principles concerning the fundamental rights at work," including the elimination of all forms of forced or compulsory labour and the effective abolition of child labour. Each Party commits to "effectively implement the ILO Conventions ratified by the Member States of the European Union and by Thailand, which include Conventions No. 029 (Forced Labour Convention), No. 105 (Abolition on Forced Labour Convention), No. 138 (Minimum Age Convention) and No. 182 (Worst Forms of Child Labour Convention). Parties also commit to "maintain an effective labour inspection system," a point particularly important to combat both child and forced labour. While these provisions are binding, the effective impact of the TSD chapter will depend both on the Thai government's sustained commitment to combat both forced and child labour, and on the additional resources that the EU may provide through bilateral cooperation. As discussed earlier, the Thai government has undertaken many initiatives targeting labour exploitation in the sectors deemed most at risk. In the fishing and seafood sector, the ILO and the EU – both directly, through their joint Ships to Shore Rights ILO project, and indirectly e.g. by promoting stricter regulation of IUU fishing – played an important role in bringing greater traceability and labour rights enforcement in Thailand's supply chains over the past decade, even though enforcement problems persist, especially for migrant workers[139]. Likewise, the listing of specific Thai products on the US Department of Labour's List of Products Produced by Child Labour or Forced Labour has provided further incentives to address

([139]) Paul Bacon and Nishkhan Usayapant, "Tackling Forced Labour in Thailand: The Role of the EU and ILO," in *The Sustainable Development Goals: Diffusion and Contestation in Asia and Europe*, ed. Paul Bacon, Mina Chiba, and Frederik Ponjaert (London: Routledge, 2022), 127–141. https://doi.org/10.4324/9781003205951-14.

these issues. By bringing additional scrutiny on at-risk sectors, the EU-FTA chapter could help Thailand capitalise on these recent efforts, with the help of employers, workers' organisations, migrants NGOs, buyers and labour standards certification schemes.

One way to formalise these commitments to enforcement would be to establish a list of priority sectors under an "implementation roadmap"[140] designed through bilateral dialogue and stakeholder consultation under the TSD chapter. Based on the baseline, these sectors could include the fishing, fish processing and aquaculture industries, the textile sector as well as subsectors of the agricultural sector including sugarcane, poultry, and fruit and vegetables[141]. As in the case of freedom of association and collective bargaining, this implementation roadmap would include clear milestones and indicators (labour inspections, number of companies registered for inspections, collective bargaining coverage) to be monitored by the "Specialised Committee on Trade and Sustainable Growth" and structured by institutional mechanisms (e.g. Civil Society Mechanism, Domestic Advisory Groups). Setting concrete and measurable objectives for the enforcement of the TSD chapter is all the more important since many respondents in consultations from both business and civil society sectors expressed concerns that the Parties' commitments to labour rights may not be truly enforced.

### Freedom of association and right to collective bargaining

The protection of freedom of association and collective bargaining rights in Thailand has long been hampered by a combination of restrictive labour laws and employers' hostility to unionising efforts. In this context, the sectors facing increased competition from EU firms may experience further pressure against forming unions. To the extent that Thai labour laws (or court cases) exclude farmers from freedom of association, potential adverse effects should be concentrated in manufacturing sectors, including chemical goods, rubber and plastics, energy products, computers, electrical equipment and textile and leather and other manufactured goods. These dislocation effects could be

([140]) European Commission, "The Power of Trade Partnerships: Together for Green and Just Economic Growth" (Brussels: European Commission, 2022), https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/8c5821b3-2b18-43a1-b791-2df56b673900/details.

([141]) The poulty sector offers an example of sectoral and institutional response to labour rights challenges. As explained by one industry stakeholder, following pre-pandemic problems concerning migrant labour on poultry farms, the Thai Broiler Processing Exporters Association collaborated with the Department of Labour Protection and Welfare and the Department of Livestock Development to develop Good Labour Practices guidelines to improve labour practices in the poultry sector. Thailand Development Research Institute (TDRI), 'EU-Thailand FTA Trade and Sustainability Impact Assessment: Consolidated Findings of the Thai Stakeholder Consultations in Priority Areas,' July 31, 2026.

driven by increased reliance on subcontractors, exacerbating outsourcing trends in industries such as electronics and textile sectors[142]. Conversely, Thai sectors expected to benefit from trade liberalisation could have greater leeway for unionising efforts. This is particularly the case for the transport equipment and cars and trucks sectors, where union rates are already relatively higher than in other industries[143].

The Thai government's recent efforts to reform its labour laws and renew dialogue on the ratification of ILO Conventions No. 87 (freedom of association and protection of the right to organise) and No. 98 (right to organise and collective bargaining) could significantly change the dynamics of union rights in Thailand, where union density remains comparatively low for the region[144]. While the prospect of Thailand joining the OECD constitutes an opportunity to adhere to strict international labour standards[145], the current negotiations of the EU-Thailand FTA could provide additional incentives for Thailand to ratify the two ILO conventions, mirroring the EU's past cooperation with Vietnam with the framework of the EU-Vietnam FTA[146]. The FTA's draft TSD chapter includes the commitment to 'respect, promote and realise the principles concerning the fundamental rights at work', including freedom of association and collective bargaining rights. It also states that 'each Party shall make continued and sustained efforts to ratify the fundamental ILO Conventions.' In practice, this exhorts Thailand to ratify Conventions No. 87 and No. 98, as the only fundamental conventions not yet ratified by

(142) International Trade Union Confederation (ITUC), International Transport Workers' Federation (ITF), and State Enterprises Workers' Relations Confederation (SERC) in Thailand, 'Contribution to the Universal Periodic Review of Thailand, Office of the High Commissioner for Human Rights, UPR Secrétariat, 2021.

(143) ILO, *Driving change: A market systems analysis of responsible business practices in Thailand's automotive parts sector,* ILO, Geneva, 2022, https://www.ilo.org/publications/driving-change-market-systems-analysis-responsible-business-practices.

(144) OECD, *OECD economic surveys: Informality in Thailand*, OECD Publishing, Paris, 2025, https://www.oecd.org/en/publications/oecd-economic-surveys-thailand-2025_426b9bc0-en/full-report/tackling-informality_4d6a6d0f.html.

(145) International Trade Union Confederation (ITUC), International Transport Workers' Federation (ITF), and State Enterprises Workers' Relations Confederation (SERC) in Thailand (2021), contribution to the Universal Periodic Review of Thailand, Office of the High Commissioner for Human Rights, UPR Secrétariat.

(146) During the pre-implementation phase of the EU-Vietnam FTA, Vietnam implemented substantive labour reforms, such as the ratification of certain ILO conventions and the adoption of a new Labour Code (LSE Consulting, *Comparative analysis of trade and sustainable development provisions in trade agreements*, LSE, London, 2022, https://trade.ec.europa.eu/doclib/docs/2022/february/tradoc_160043.pdf p. 40).

Thailand. For the EU, the Thai government's recent intent to reform its freedom of association labour laws (specifically the LRA and SELRA), paired with progress in other fields, such as forced labour, could be an opportunity to strengthen the social credentials of the EU-Thailand FTA and EU trade agreements more broadly. Reinforcing union rights across sectors and categories of workers could ensure that income gains derived from trade integration are more fairly distributed across the value chain. The Thai economy will better absorb adjustment costs in other industries, such as the chemical, rubber and plastic, energy, and computer industries, if workers are protected by union rights and collective bargaining agreements.

Given the weak levels of union density and collective bargaining coverage in the Thai workforce and recent signs from government of potential labour law reform, the likelihood that the FTA's TSD provisions might lead to the ratification of ILO conventions remains uncertain. The chances of genuine reform could be enhanced by ensuring that bilateral cooperation on TSD provisions – to be monitored by the Specialised Committee on Trade and Sustainable Development and structured by institutional mechanisms (e.g. civil society mechanism, DAGs) – is operationalised with a clear implementation roadmap or labour consistency plan. This would help to define key priorities to reinforce freedom of association and collective bargaining, as well as other labour rights in Thailand (e.g. elimination of forced and child labour), with clear milestones and indicators, such as labour inspections, number of companies registered for inspections, collective bargaining coverage.

### Non-discrimination at work

The baseline focused primarily on three categories of workers: women, migrant workers and indigenous populations, the latter being discussed in greater details in the human rights analysis. The EU-Thailand FTA is likely to impact these stakeholders both directly and directly.

A reference study on trade and gender linkages by the OECD shows that trade impacts women in three ways: as workers, entrepreneurs and consumers. First, to the extent that Thai women have made significant progress with regard to both wages and skills through education, they are likely to benefit from trade liberalisation, be it as middle-skilled or high-skilled workers, where their respective share of the workforce has overtaken those of men. The presence of multinational enterprises (MNEs) can contribute to promote gender equality in host countries not only through employment practices in foreign

affiliates, but also through spillover effects in local markets[147]. Second, given their key role in the Thai economy, women entrepreneurs could gain opportunities arising from improved market access for SMEs, as discussed in the SME section. However, their international expansion will depend on their ability to overcome a series of constraints such as access to finance, available information and regulatory compliance. Here, EU-Thailand cooperation as laid out in the draft SME chapter, could provide opportunities to maximise the impact of the agreement among small firms through information sharing, training programs, trade facilitation, and other programs tailored to women entrepreneurs, and SMEs more broadly. This would help address some of the concerns shared by stakeholders that the FTA might put small firms at a disadvantage compared to large MNEs. Other flanking measures raised by stakeholders in Bangkok and discussed in the SME section of this study include transition periods for SMEs and other forms of support and protection.

Additionally, the EU-Thailand FTA could have a positive effect through its TSD chapter, whose draft text, as of this writing, includes an article on trade and gender equality. The latter lays out each Party's commitment to "effectively implement its obligations under international agreements addressing gender equality and women's rights to which it is a party, including the Convention on the Elimination of all Forms of Discrimination Against Women" (…), underlining "provisions related to eliminating discrimination against women in economic life and in the field of employment." Each Party also commits to "promote equal rights, treatment and opportunities for women and men" and reaffirms their "right to regulate." While the overall situation of female workers in Thailand (including their higher level of education and their wage premium) tends to reduce risks of regression, the situation remains uneven. Not only do specific categories of female workers (e.g. informal workers including migrants) continue to suffer from discrimination, but there is still room for progress in certain occupations, including managerial positions. As with the SME chapter, one notable way in which the TSD chapter could further empower women would be through cooperation on trade and gender, including exchange of information and best practices and other "activities to improve the capacity and conditions for women, including workers, business women and entrepreneurs" to benefit from the new trade opportunities arising from the EU-Thailand FTA. Fulfilling these objectives will require monitoring and assessing its impact, something that the Parties have committed to. This is a particularly important point that the two trading partners will have to outline in greater details in order to maximise their bilateral cooperation in this field and, more broadly, the impact of the agreement. A recent report on "gender mainstreaming in EU trade

(147) UNCTAD, *Multinational Enterprises and the International Transmission of Gender Policies and Practices*, (Geneva: United Nations Conference on Trade and Development, 2021), https://unctad.org/system/files/official-document/diaeinf2021d1_en.pdf.

agreements" for the EU Parliament argues that better measuring the impact of trade agreements would help bridge the gap between the EU's recent inclusion of gender in its trade policy agenda, and the limited impact of trade agreements on the ground[148]. In the context of Thailand, this could include the collection and use of gender disaggregated data, especially in sectors prone to informality (including for female migrants), the proportion of female workers in managerial positions in both MNEs and local firms, and the number of women-owned SMEs seeking and obtaining access to international trade.

Finally, for migrant workers, the impact of the FTA on discrimination against non-nationals is closely interconnected with other labour rights discussed in previous sections of the analysis. This includes the potential effects of trade liberalisation and the TSD chapter on informal employment in Thailand, where migrant workers remain overly represented. In sectors more vulnerable to increased competition in manufacturing (e.g. textile, leather, electrical equipment, chemicals), agriculture (sugar, vegetables and fruit) migrant workers are likely to be the first workers to be displaced or suffer downward pressure on wages. Some of the flanking measures outlined earlier have the potential to protect both Thai and non-national workers. They include extending freedom of association and collective bargaining rights to all categories of workers, including migrants; strengthening social protection schemes for vulnerable workers; and targeting at-risk sectors with more effective labour inspections and better data collection to formalise employment and reduce labour abuses. Other measures must be tailored to the very question of the migrant workforce. Here, the Thai government must find a more balanced policy response to address labour shortages in the Thai economy while protecting the rights of migrant workers, including refugee workers.

### Occupational safety and health

As explained in the baseline section, occupational safety and health is closely related to both the size and sectoral specificities of the informal economy on the one hand, and the ability of the Thai government to enforce labour laws on the other. The effects of the EU-Thailand FTA will depend on its impact on the informal sector, which remains uncertain, as explained previously. Sectors under increased competition, especially where informal work is prevalent like agriculture, are more likely to experience deteriorating working conditions. This could result in rising risks in occupational health and safety, including in

([148]) Rosamund Shreeves, *Gender Mainstreaming in EU Trade Agreements*, Briefing PE 760.388 (Brussels: European Parliamentary Research Service, March 2024), https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)760388; see also Clair Gammage, "Empowering Women in Trade: How Gender Responsive Are the EU's Trade Agreements?," in *Understanding the EU as a Good Global Actor: Ambitions, Values and Metrics*, ed. Elaine Fahey and Isabella Mancini (Cheltenham: Edward Elgar Publishing, 2022), 158–174, https://doi.org/10.4337/9781802202984.00017.

agricultural sectors (sugar cane, dairy, produce) and among manufacturing subcontractors e.g. in the textile industry. These concerns were raised by several stakeholders consulted during this study. One stakeholder highlighted farmers' exposure to pesticides as a persistent risk in Thailand, while another saw the sugar, rice and fruit and vegetable sectors as particularly sensitive given the prominence of migrant workers, pointing to heat exposure and health and safety hazards.

Conversely, export gains could lead to greater supply chain transparency and accelerate the formalisation of segments of the workforce including in agriculture (food, cattle, meat, rice) as well the fishing, fish processing and aquaculture sectors, thereby contributing to strengthen OSH standards.

As with other labour rights, the risks and opportunities arising from trade effects can be respectively mitigated and maximised through greater cooperation under the TSD chapter, building upon recent reforms undertaken by the Thai government and its recent ratification of ILO Occupational Safety and Health Convention (No. 155) and the Protocol of 2002 to the Occupational Safety and Health Convention (P 155). One concrete area of cooperation would be to improve measures of OSH, where data remains sparse and inconsistent especially among workers in SMEs, self-employed individuals and migrant workers[149].

### 4.2.3 Impact on public services

The exact effects of the EU-Thailand FTA on public services are difficult to predict given the multiple channels through which trade may indirectly affect public services (e.g. public procurement, right to health). From a macroeconomic perspective, its impact on public services is likely to be marginal for both the EU and Thailand.

For Thailand, in the ambitious scenario, CGE modelling predicts an increased output of public services of USD 345.8 million, which represents 0.34% of the baseline domestic output. GDP growth resulting from the EU-Thailand FTA would likely contribute to increased tax revenue (see section 4.6). Tariff reduction effects (loss of tax revenue stemming from tariff reduction) are likely to offset some of these positive effects, but are expected to be marginal, despite the relatively higher levels of Thailand's tariffs

([149]) International Labour Organization, "Thailand Takes Action to Improve Occupational Safety and Health Statistics," ILO Newsroom, April 16, 2025, https://www.ilo.org/resource/news/thailand-takes-action-improve-occupational-safety-and-health-statistics (retrieved in June 2026, link temporarily inactive).

compared to the EU. This is because tariffs represent only 3.76% of Thailand's tax revenues[150] and EU merchandise exports only represent about 6% of Thailand imports.

For the EU, the impact of the FTA is expected to be even more limited, given the size of the EU economy. First, increased output of EU public services are expected to be so marginal as to be insignificant (less than 0.0001%), while the relative limited GDP growth accruing from the FTA will limit increase tax revenue. Likewise, the FTA's tariff revenue effects are expected to be minimal, given the relatively low level of EU tariffs and the small share of Thailand in EU imports (estimated at 1.1% of extra-EU trade in 2024)[151].

### 4.2.4 Corporate social responsibility and responsible business conduct

The different subsections of the social analysis have shed light on the development of CSR initiatives in Thailand over the past two decades, including joint partnerships between governments and companies, at times with the support of civil society actors and international organisations like the ILO. Adding to these sectoral initiatives, the Thai government is currently drafting a Responsible Business Conduct Act[152] also called Human Rights Due Diligence Act. The draft Act would introduce legally binding due diligence obligations (including social and environmental provisions) and would apply to manufacturing businesses and to wholesale, retail, or service businesses with respective annual revenue exceeding a certain threshold[153]. This legislation should further support CSD / RBC results.

(150) World Bank, 'Customs and other import duties (% of tax revenue)', 2024, https://data.worldbank.org/indicator/GC.TAX.IMPT.ZS.

(151) European Commission: Directorate-General for Trade and Economic Security, 'European Union: trade in goods with Thailand', 2025, https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_thailand_en.pdf.

[152] Business and Human Rights Centre (2025), *Thailand: Govt. to introduce mandatory human rights and environmental due diligence legislation aiming to push for responsible business practices*, accessed 25 August 2026, https://www.business-humanrights.org/en/latest-news/thailand-govt-to-mandatory-human-rights-and-environmental-due-diligence-legislation-aiming-to-push-for-responsible-business-practices/.

[153] Tilleke & Gibbins Law firm - Thailand (2026), *Thailand Preparing Human Rights and Environmental Due Diligence Bill*, accessed 25 August 2026, https://www.tilleke.com/insights/thailand-preparing-human-rights-and-environmental-due-diligence-bill/.

Given long term trends in trade and sustainability at both government and corporate levels in both Parties, these are likely to continue developing in the near future. As explained before, the EU-Thailand FTA is likely to reinforce these trends for several reasons. First, as discussed before, to the extent that MNEs are better positioned to benefit from trade and investment liberalisation, they are likely to contribute to the diffusion of CSR practices, most notably through their foreign affiliates. Second, trade gains are likely to bring greater scrutiny to the practices of Thailand's exporting sectors, thereby reinforcing recent initiatives aimed at improving traceability in the fishing, seafood and agricultural sectors. Third, in the current draft of the TSD chapter, the two Parties highlight the importance of RBC and CSR, restating their adherence to international instruments such as the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (1977), the UN Global Compact (2000), the UN Guiding Principles on Business and Human Rights (2011), and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. The two Parties commit to strengthen cooperation on CSR and RBC "bilaterally, regionally and in international fora," and promote responsible supply chains including for conflict minerals and food security.

As the TSD chapter is binding, the large scope of these commitments means that both partners will need to set clear objectives for implementation and enforcement. This requires mapping out ongoing CSR and RBC initiatives to maximise the impact of the EU-Thailand FTA. Many of these have been outlined in different sections of this report and are generally sector-dependent. They fall into three categories: 1) government policies pertaining to due diligence; 2) private or multistakeholder initiatives including social or environmental certification programs; 3) multilateral programmes promoting responsible business conduct (e.g. OECD, ILO). On the Thai government's side, the Thai Labour Standards (TLS) and Good Labour Practices (GLP) stand out for this large scope, covering social, environmental and human rights issues. Other relevant policy frameworks include Thailand's National OSH Master Plans focused on occupational safety and health, and the Bio-Circular-Green (BCG) promoting circular and sustainable production practices. On the EU side, several aforementioned EU laws and policies could reinforce the positive impact of the EU-Thailand FTA on RBC and CSR: the EU Corporate Sustainability Reporting Directive (CSRD), the EU Corporate Sustainability Due Diligence Directive (CSDDD), the EU Forced Labour Regulation (FLR) and the EU Deforestation Regulation (EUDR). One civil society respondent interviewed for this study argued that CSDDD and CSRD had the potential to change business practices in Thailand and Asia, but that these directives (and the EU Green Deal) had been "watered down," thereby limiting the potential impact of the FTA.

Beyond government policies, the implementation of the TSD chapter of the FTA could leverage a series of private and multistakeholder initiatives that are deployed at the sectoral or multi-sectoral level. Annex 4 provides a selection of key private and civil society initiatives, classified by sector and field, in relation with sectoral relevance for EU-Thai trade and market relevance for EU economic operators. When pooled together and given greater visibility within the framework of the TSD chapter's implementation, these multiple initiatives could play an important role in strengthening responsible business practices in Thailand. One way to optimise these positive outcomes would be to integrate concrete steps into the implementation roadmap of the TSD chapter, by defining targeted sectors in line with the priorities set for labour rights, environmental standards and human rights (including sectors underrepresented in multistakeholder and private initiatives), planning to organise a yearly RBC forum (whether self-standing or under the CSD Forum) and identifying RBC metrics to be assessed as part of the ex-post assessment.

# 5 Results of environmental analysis

This section presents the baseline for the EU and Thailand (section 5.1), then analyses the impacts across key environmental and climate topics (section 5.2). It draws on the literature review, stakeholder consultation and, for GHG emissions, CGE modelling results.

## 5.1 Baseline

The review of the baseline covers: the development of the respective policy frameworks and environmental trends in the EU and Thailand; ratification and implementation of multilateral environmental agreements (MEAs); and the environmental commitments made in recent FTAs. Further detail on trends in key areas of environment protection and climate action are presented in Annex 6.

### 5.1.1 EU policy framework and recent trends

Environmental protection and climate action are set in EU primary law: the Charter calls for a high level of environmental protection (Article 37) and the Treaty on the Functioning of the European Union (TFEU)[154] places sustainable development and the environment at the core of EU actions. The TFEU[155] calls for environmental protection to be incorporated into all EU policies and activities, for the use of the precautionary, prevention and polluter-pays principles, and for the promotion of measures at international level to address global environmental problems, particularly climate change.

The EU's legal framework covers key areas of climate issues and environmental protection. These are complemented by policy strategies and plans that sets objectives for environmental action. Due in large part to this legislation, the EU has made important progress across environmental fields, including climate mitigation, water pollution and solid waste recycling.

(154) TFEU, Article 3(3) (ex Article 2).

(155) TFEU, Part Three: Union Policies and Internal Actions, Title XX: Environment, Articles 191 to 193.

Key recent policy documents include the European Green Deal (EGD), which was launched in 2019. It calls for the transformation of Europe's economy, energy, transport and industries to achieve a more sustainable future and sets the goal of a climate-neutral EU by 2050. It notes that EU trade agreements and trade policy have a role in supporting trade in green goods and services. In addition, the 8th Environment Action Programme, published in 2022, guides European environmental policy to 2030 and sets a 2050 vision of living well within planetary boundaries. It forms the EU's basis for achieving the UN 2030 Agenda and its Sustainable Development Goals (SDGs). It mentions trade policy in relation to 'fostering sustainable corporate governance'.

EU legislation and policy is implemented at Union level by the European Commission and EU agencies, and at Member State level by national governments (working with regional and local governments where relevant). Member States take different approaches to implementation, reflecting different national contexts, with issues and results varying accordingly[156].

Achievements of EU environmental policy include a reduction in GHG emissions (see Table 4), reductions in water pollution and an increase in the circularity rate for materials. Annex 6 presents further details on EU environmental legal and policy frameworks, recent trends and the baseline for the assessment (Annex 6, Table 25 and Table 26).

**Table 4: EU: Selected climate change and energy indicators, 2014-2024**

| Indicator | 2014 | 2024 |
|---|---|---|
| Total GHG emissions (Mt $CO_2e$) | 3.831 | 3.164 |
| Total GHG emissions per capita (t $CO_2e$) | 8.6 | 7 |
| Carbon dioxide ($CO_2$) emissions per capita (t $CO_2e$) | 6.8 | 5.5 |
| Change of emissions (%) of current year with respect to emissions in baseline year 1990 emissions of methane (CH4) | -32.2 | -38.3 |

*Source:* World Bank.

*Note:* Indictors exclude land use, land use change and forestry

(156) The European Commission assesses Member State actions in regular Environmental Implementation Reviews, https://environment.ec.europa.eu/law-and-governance/environmental-implementation-review_en.

### 5.1.2 EU implementation of MEAs

Given the transboundary nature of many environmental challenges, MEAs provide an international framework for cooperation, standard-setting and action on issues such as climate change, biodiversity and hazardous chemicals. In the context of trade policy, MEAs are commonly reflected in sustainability provisions: recent EU FTAs typically include commitments to effectively implement ratified MEAs and may refer to specific agreements such as the United Nations Framework Convention on Climate Change (UNFCCC)/Paris Agreement, the Convention on Biological Diversity (CBD), and the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES)[157].

The EU is party to a wide range of MEAs across climate, biodiversity, chemicals, waste and to fisheries- and ocean-related agreements. Selected MEAs and key regional instruments for fisheries are presented in Annex 6, Table 29, which summarises ratification/accession by the EU and Thailand. The EU has not ratified the Basel Protocol on liability and compensation for damage resulting from transboundary movements of hazardous wastes and their disposal, nor the Convention on the prevention of marine pollution by dumping of wastes and other matter.

### 5.1.3 EU trade-related environmental commitments in recent FTAs

The EU has incorporated environmental commitments in its recent FTAs. This approach is reinforced in the 2022 Communication on trade and sustainable development[158], and the EU has strengthened the trade-related environmental commitments of its new generation of recent trade agreements (see section 4.1.3).

Common features of recent EU TSD chapters related to environmental protection and climate action include:

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([157]) LSE Trade Policy Hub and Milieu Ltd., *Sustainability Impact Assessment of the Free Trade Agreement between the European Free Trade Association and Thailand: Final Report'*, Report prepared for the EFTA Secretariat, 26 September 2024, https://www.lse.ac.uk/business/consulting/assets/documents/SIA-EFTA-Thailand-FTA-Final-Report.pdf; LSE Consulting, Velut, J.-B. et al., *Comparative analysis of trade and sustainable development provisions in free trade agreements: Final report*, European Commission, February 2022, https://www.lse.ac.uk/business/consulting/assets/documents/TSD-Final-Report-Feb-2022.pdf.

([158]) European Commission, The power of trade partnerships: together for green and just economic growth, COM(2022) 409 final, June 2022, https://policy.trade.ec.europa.eu/development-and-sustainability/sustainable-development/sustainable-development-eu-trade-agreements_en.

- Parties' commitment to implement the MEAs[159] to which they are party[160,161];
- Right to regulate[162]: A common provision of EU FTAs, this ensures the right of parties to regulate their environmental standards, provided they are consistent with international commitments;
- Non-derogation provisions: A longstanding element of EU FTAs, these prevent the parties from weakening or failing to enforce their environmental laws to gain trade or investment advantages[163];
- Commitment to sustainable development: The TSD chapters in EU FTAs emphasise sustainable development and the interdependence of economic, social and environmental progress. They often include commitments to improve the level of environmental protection[164];
- Cooperation in the environmental field, including the promotion of trade in goods and services for environmental protection, is included in TSD chapters[165];
- Promotion of sustainable development by encouraging corporate social responsibility/responsible business conduct, voluntary schemes such as eco-labels and fair trade, and references to standards such as the OECD guidelines.

FTAs have created implementation bodies and civil society mechanisms, such as committees, DAGs and forums. With the EU's 2022 TSD approach, enforcement has strengthened: TSD obligations can now fall under state-to-state dispute settlement,

(159) The wording of MEA does not cover all environmental-related agreements; for example, the United Nations Convention on the Law of the Sea (UNCLOS) is not an MEA but has a strong environmental dimension.

(160) EU-Japan EPA, EU-India FTA.

(161) LSE Consulting, Velut, J.-B. et al., *Comparative analysis of trade and sustainable development provisions in free trade agreements: Final report*, European Commission, February 2022, p. 48, https://www.lse.ac.uk/business/consulting/assets/documents/TSD-Final-Report-Feb-2022.pdf

(162) EU-India FTA (2026); European Commission: Directorate-General for Trade and Economic Security, 'MEMO: EU-India Free Trade Agreement: Chapter-by-chapter summary', n.d., https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en.

(163) Canada-EU Comprehensive Economic and Trade Agreement (CETA).

(164) EU-Vietnam FTA, EU-Singapore FTA, EU-Japan EPA.

(165) EU-India FTA (2026); European Commission: Directorate-General for Trade and Economic Security, 'MEMO: EU-India Free Trade Agreement: Chapter-by-chapter summary', n.d., https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/memo-eu-india-free-trade-agreement-chapter-chapter-summary_en.

although trade sanctions remain limited to the most serious breaches, as illustrated by the EU–New Zealand FTA (see 4.1.3Annex 6).

### 5.1.4 Thailand's policy framework and recent trends

This section summarises Thailand's constitutional, legal and institutional framework. Further details and sources are provided in Annex 6, Table 28.

Thailand's environmental policy framework is anchored in its 2017 Constitution, which recognises environmental rights and duties, requires environmental safeguards in state action and mandates a national strategy for sustainable development. This constitutional framework is implemented through the National Strategy 2018–2037, which sets the long-term objective of development based on security, prosperity and sustainability, and through the 13th National Economic and Social Development Plan 2023–2027, which translates the strategy into operational priorities.

The central environmental legal statute is the Enhancement and Conservation of National Environmental Quality Act 1992, which provides the general framework for environmental protection, pollution control, environmental standards and monitoring. Institutional responsibility is led by the Ministry of Natural Resources and Environment, including specialised bodies dealing with environmental quality, protected areas, biodiversity, pollution control and climate change. The Office of Natural Resources and Environmental Policy and Planning has a central role in environmental policy and in the environmental impact assessment (EIA) system, including review of EIA reports, technical guidance and public participation procedures. Other ministries retain sectoral powers, including the Ministry of the Interior on wastewater and factory-related controls, the Ministry of Public Health on activities detrimental to health, and the Ministry of Agriculture and Cooperatives on land-use issues involving chemical contamination.

Thailand has institutional machinery for SDG implementation, with the National Committee for Sustainable Development, chaired by the prime minister, providing policy direction and monitoring, supported by custodian agencies for individual goals and targets. The judiciary also contributes to environmental governance by holding public authorities and private actors accountable (Annex 6, Table 27).

Thailand has established notable environmental objectives, such as achieving net zero GHG emissions by 2050 and protecting 30% of its land and sea area by 2030 (these two goals reflect international commitments; section 5.1.5 summarises Thailand's implementation of MEAs). The Bio-Circular-Green (BCG) economy model and the Sufficient Economy Philosophy, set under the 13th National Economic and Social Development Plan, aim to increase circularity, and a roadmap for plastic waste

management is in development. However, Thailand faces significant challenges, including rising GHG emissions (see Table 5) as well as threats to biodiversity and continuing high levels of mismanaged plastic waste (see section 5.2 below).

**Table 5: Thailand: Selected climate change and energy indicators, 2014-2024**

| Indicator | 2014 | 2024 |
|---|---|---|
| Total GHG emissions (Mt $CO_2e$) | 395.7 | 422.4 |
| Total GHG emissions per capita (t $CO_2e$) | 5.9 | 5.6 |
| Carbon dioxide ($CO_2$) emissions per capita (t $CO_2e$) | 3.9 | 4.0 |
| Change of emissions (%) of current year with respect to emissions in baseline year 1990 emissions of methane (CH4) | 19 | 11.5 |

*Source*: World Bank.

*Note:* Indictors exclude land use, land use change and forestry

Crucially, policy implementation remains uneven. The World Bank has highlighted weaknesses such as fragmented responsibilities across numerous agencies, capacity gaps at sub-national level, limited technical and fiscal resources, insufficient monitoring and reporting systems, and weak data interoperability[166]. Recent reforms, including the creation of climate-related institutions, new strategies and a 2025 plastic waste import ban, indicate an ongoing strengthening of Thailand's environmental governance.

### 5.1.5 Thailand's implementation of MEAs

The EU's negotiating text for the TSD chapter calls on the parties to reaffirm their commitments to implement relevant international agreements, including in the environmental domain[167]. Thailand is party to a wide range of MEAs across climate, biodiversity, chemicals/waste and fisheries- and ocean-related agreements. It has ratified a large share of prominent MEAs (see Annex 6, Table 29)[168].

(166) World Bank Group, *Thailand Country Climate and Development Report*, 2025, https://documents1.worldbank.org/curated/en/099063025043513963/pdf/P507208-2e39fbbd-4d16-4660-a7eb-9c99c88864f0.pdf.

(167) Chapter XXTrade and Sustainable Development, Article XX.5 (2) – Multilateral environmental governance and agreements.

(168) Thailand has not ratified the Basel Protocol on liability and compensation for damage resulting from transboundary movements of hazardous wastes and their disposal, nor the Convention on the

ASEAN promotes regional cooperation on the environment, including via the adoption of the ASEAN Climate Change Strategic Action Plan[169]. Air pollution is one focus of its work, specifically transboundary haze pollution, notably via the binding ASEAN Agreement on Transboundary Haze Pollution[170]. That agreement establishes mechanisms for collaboration between its member states, including an ASEAN Coordination Centre for Transboundary Haze Pollution Control. The agreement includes provisions for monitoring, prevention and coordinated responses with the long-term goal of achieving a haze-free region[171,172].

### 5.1.6 Environmental commitments in Thailand's recent FTAs

Thailand's recent FTAs reflect an increasing integration of environmental and sustainable development considerations. The RCEP and the Thailand-Chile FTA include general references to MEA implementation, the right to regulate and environmental cooperation, but their dispute settlement mechanisms largely exclude environmental and labour matters. By contrast, the 2025 EFTA-Thailand Agreement contains a more comprehensive and sector-specific TSD framework, covering areas such as climate change, biodiversity, forests, fisheries, sustainable agriculture and the circular economy. To date, its enforcement remains primarily cooperative, relying on consultations, mediation and expert review rather than binding arbitration or sanctions.

Table 6 summarises and compares the environmental provisions for the three key agreements.

prevention of marine pollution by dumping of wastes and other matter. It has signed the Biodiversity Beyond National Jurisdiction (BBNJ) Agreement, but has not ratified it as of mid-2026. Similarly, it has not yet accepted the WTO Agreement on Fisheries Subsidies, adopted in 2022.

([169]) ASEAN, 'Overview (Environment)', ASEAN website, n.d., accessed 4 February 2026, https://asean.org/our-communities/asean-socio-cultural-community/environment/.

([170]) ASEAN Agreement on Transboundary Haze Pollution (AATHP), 2002 (entry into force 2003).

([171]) Regional Action Plan on Air Pollution (RAPAP) Partnership and Coordination Platform, 'ASEAN Agreement on Transboundary Haze Pollution', RAPAP website, n.d., accessed 5 February 2026, https://www.rapap-platform.org/Multilateral-Mechanisms/Detail/?id=MCM-1007.

([172]) American Society of International Law, 'ASEAN adopts declaration on the right to safe, clean, healthy and sustainable environment', ASIL website, 20 November 2025, accessed 4 February 2026, https://www.asil.org/ILIB/asean-adopts-declaration-right-safe-clean-healthy-and-sustainable-environment.

**Table 6: Environment and climate provisions in selected recent Thailand FTAs**

| | General environmental governance and MEA implementation | Right to regulate, high levels of protection and non-regression | Climate change | Sectoral focus | Institutional mechanisms | Dispute settlement mechanism |
|---|---|---|---|---|---|---|
| Regional Comprehensive Economic Partnership (RCEP) | Minimal – no dedicated TSD chapter<br>No obligation to implement MEAs | Preamble reaffirms the right of each party to regulate in pursuit of legitimate public welfare objectives<br>No explicit non-regression clause | No specific climate change provisions | No environment-specific sectoral focus. Economic and technical cooperation (Chapter 15) mentions sustainable growth broadly but without environmental sectoral detail | Committee on Sustainable Growth under the RCEP Joint Committee (Art. 18(6)/Annex 18A) tasked with developing work programmes | No recourse to dispute settlement (Chapter 19) for environmental matters. Only consultations through the RCEP Joint Committee. General review may extend dispute settlement in the future |
| Thailand-Chile FTA | Limited – no standalone TSD chapter but an environmental issues provision<br>Parties agree to cooperate in the field of environment and agree that it is inappropriate to use environmental laws for protectionist purposes | Recognises parties' right to establish their own levels of environmental protection. States that parties shall not waive or derogate from environmental laws to encourage trade (non-regression language). | Cooperation on environment includes climate change. | Environment listed as a cooperation area. Agriculture, fisheries, energy, and forestry mentioned as cooperation fields. No dedicated sectoral environmental obligations | Free Trade Commission oversees the agreement generally. Cooperation Committee coordinates economic cooperation, including environment. No dedicated environmental committee | No specific environmental dispute settlement mechanism |

| | General environmental governance and MEA implementation | Right to regulate, high levels of protection and non-regression | Climate change | Sectoral focus | Institutional mechanisms | Dispute settlement mechanism |
|---|---|---|---|---|---|---|
| Thailand – EFTA FTA | Comprehensive TSD chapter. Parties reaffirm commitments under MEAs to which they are a party<br>Obligation to implement MEAs effectively | Right of each party to establish its own levels of environmental protection. Explicit non-regression obligation. Commitment to high levels of protection | Recognises UNFCCC and Paris Agreement objectives, commits to cooperate on climate-related trade measures, promote low-carbon development and facilitate trade in climate-friendly goods and services | Sustainable management of forests and trade in timber<br>Biodiversity and conservation of biological resources<br>Sustainable agriculture, food systems, fisheries and marine resources<br>Circular economy and pollution reduction | Joint Committee oversees the chapter. Designated contact points<br>Stakeholder engagement provisions. Panel of experts mechanism for environment-specific matters | No recourse to arbitration under Chapter 14 for environmental disputes. However, a panel of experts mechanism is available and can issue findings and recommendations |

## 5.2 Impact assessment

This section considers the potential environmental impacts of an EU-Thailand FTA, focusing on key environmental issues. It focuses on impacts in Thailand, where the FTA is expected to have a stronger effect, as well as selected EU impacts. It draws on CGE modelling, which has provided quantitative estimates for changes in GHG emissions, the literature review and stakeholder consultations. As modelling results are only available for GHG emissions, the analysis is largely qualitative.

### 5.2.1 Climate mitigation

The CGE modelling provides a set of results for changes in GHG emissions ($CO_2$ and other GHGs) in the EU, Thailand and other economies in two conservative and ambitious liberalisation scenarios[173]. It is based on changes in emissions due to changes in the scale and composition of trade and subsequent changes in production and consumption. Long-term effects such as changes in innovation and investment are not incorporated in the CGE modelling, which focuses on the impacts of tariff changes (see section 3.2.1.7).

In the CGE modelling, the largest impacts, both in absolute terms as a share of current emissions, are indicated in Thailand, showing, for example, a rise of 0.361% in GHG emissions under the conservative tariff reduction and liberalisation scenario and 0.608% under the ambitious scenario (see Table 7). These increases in emissions are linked to the increase in trade with the EU in the two scenarios. EU emissions also increase with the increase in trade with Thailand.

Key sectors where GHG emission increases are projected include dairy production in the EU and fishing and poultry production in Thailand. Emissions from the EU chemicals sector is expected to increase, as are emissions from Thailand's electrical goods and machinery production (see Table 31, Annex 6).

**Table 7: Change in GHG emissions under the FTA: CGE modelling results**

| | Conservative scenario | | Ambitious scenario | |
|---|---|---|---|---|
| Economy | Change in GHG emissions (million t $CO_2$ eq.) | Change in GHG emissions (%) | Change in GHG emissions (million t CO2 eq.) | Change in GHG emissions (%) |

([173]) These scenarios are not predictions, but, rather, structured policy assumptions reflecting different levels of ambition in an EU–Thailand FTA (see section 3.2.1).

| | Conservative scenario | | Ambitious scenario | |
|---|---|---|---|---|
| **EU** | **0.762** | **0.037%** | **0.249** | **0.012%** |
| **Thailand** | **0.784** | **0.361%** | **1.320** | **0.608%** |
| *Other Asian economies* | | | | |
| ASEAN (no LDCs) | 0.255 | 0.026% | 0.198 | 0.020% |
| China | 0.193 | 0.002% | -1.100 | -0.011% |
| India | 0.027 | 0.001% | -0.015 | -0.001% |
| Vietnam | -0.008 | -0.004% | 0.003 | 0.001% |
| LDCs Asia | 0.052 | 0.039% | 0.035 | 0.027% |
| *Global impacts* | | | | |
| Other LDCs | 0.000 | 0.000% | 0.031 | 0.023% |
| **World total** | **2.185** | **0.007%** | **1.617** | **0.006%** |

*Source:* European Commission, CGE Modelling results.

Modest changes in GHG emissions are forecast in other economies, notably in Asian LDCs. For the world as a whole, the total increases are than 1/100 of a percent for both scenarios. These changes are linked to the secondary effects of the FTA, such as the displacement of trade with other economies or increases in their trade to the EU or Thailand, for example for inputs to products whose trade increases under the FTA.

The increases in GHG emissions estimated by the CGE modelling would affect the baseline trend for EU emissions, which are declining, and for Thailand's emissions, whose growth is slowing. Many respondents to the open public consultation (OPC) believe that the FTA would lead to an increase in GHG emissions: 50% of respondents considered that they would somewhat negatively influence emissions in Europe and 68% that they would somewhat negatively influence emissions in Thailand.

The EU and Thailand have committed to policy measures for major emissions reductions to 2050. Consequently, governance actions and greater use of low-emissions technologies in both economies will affect the actual impact of the FTA, as could cross-cutting elements of the FTA, notably the provisions of the TSD chapter (see section 5.2.9).

While Thailand has increased renewable sources in the energy mix, its energy sector still heavily relies on fossil fuels. Indeed, in 2025, 92.17% of the total energy supply

came from coal, oil and gas, the latter being the most important source[174], while oil was responsible for nearly half of $CO_2$ emissions from fossil fuel combustion[175]. In 2024, Thailand's top GHG-emitting sectors were the power sector, industrial combustion and processes, and transport[176].

Regarding the power sector, its GHG emissions increased by 221% between 1990 and 2024[177] with its expansion. The power sector is dominated by natural gas combustion (54% of generation in 2022), which is extracted in the Gulf of Thailand[178]. However, declining domestic output is increasing Thailand's reliance on imported liquified natural gas[179]. In 2023, industrial users account for the largest share of electricity consumption (42.3%), followed by the residential sector (28.3%) and the business sector (24.5%)[180]. Thailand's electricity market is mainly centralised around the state-owned Electricity Generating Authority of Thailand (EGAT), which is responsible for electricity generation, transmission and wholesale supply[181]. Private independent and small producers also play an important role in generation through power-purchase agreements with EGAT or the electricity-distribution authorities[182]. The country's Power Development Plan

[174] Our world in Data website, accessed 19 August 2026, Thailand - Energy Country Profile | Our World in Data.

[175] International Energy Agency website, *Thailand*, accessed 19 August 2026, https://www.iea.org/countries/thailand/emissions.

[176] Crippa, M., Guizzardi, D., Pagani, F., Banja, M., Muntean, M., *et al.* (2025). *GHG emissions of all world countries: 2025 report* (JRC143227). Publications Office of the European Union. https://doi.org/10.2760/9816914.

[177] Crippa, M., Guizzardi, D., Pagani, F., Banja, M., Muntean, M., *et al.* (2025). *GHG emissions of all world countries: 2025 report* (JRC143227). Publications Office of the European Union. https://doi.org/10.2760/9816914.

[178] SEA Information Platform for the Energy Transition, *Thailand Power Sector Snapshot*, accessed 20 August 2026, https://www.sipet.org/power-sector-snapshot-thailand.aspx.

[179] International Trade Administration, U.S. Department of Commerce, "Thailand – Energy," *Thailand Country Commercial Guide*, 9 April 2026, accessed 20 August 2026, https://www.trade.gov/country-commercial-guides/thailand-energy.

[180] Thai Ministry of Energy, Department of Alternative Energy Development and Efficiency, Thailand PV Status Report 2023, accessed 25 August 2026, https://pvstatus.dede.go.th/en/section_1-1.php.

[181] Thailand Board of Investment, *Electricity*, accessed 20 August 2026, https://www.boi.go.th/index.php?page=electricity.

[182] The Metropolitan Electricity Authority (MEA) and the Provincial Electricity Authority (PEA).

(adopted in 2019 and revised in 2020) focuses on energy security, notably through diversification, economic competitiveness and decarbonisation[183].

The power sector responds to electricity demand across the economy, and thus it will be affected by the FTA. According to the CGE modelling [*change in power sector GHG emissions*]. This projection, however, does not take into account the potential for the FTA to support greater FDI for renewable energy production, supporting national objectives for decarbonisation.

Within manufacturing, a key sources of GHG emissions in Thailand that the FTA is likely to impact is the automotive industry; moreover, the transport sector is an important emissions source, and the FTA could influence its evolution. In agriculture, rice production is important source of GHG emissions. (Both sectors are discussed in detailed sectoral analyses.)

Under the FTA, trade in the **automotive sector** is expected to increase significantly both ways, as is EU FDI in automotive production in Thailand (see sectoral analysis). The CGE modelling suggests that GHG emissions from automotive production will increase in both the EU and Thailand, linked to the increase in trade resulting in greater domestic production in both economies. Several further elements of the FTA will influence GHG emissions from this sector, including rules of origin, regulatory cooperation and FDI (see case study on the automotive industry).

Changes in GHG emissions will depend on the extent of the shift away from internal combustion engine (ICE) vehicles to EVs. Road transport is a significant source of GHG emissions in both the EU and Thailand. In Thailand, vehicle use emits approximately 68 Mt $CO_2e$, nearly 25% of total national emissions[184] and the second-largest sub-category after electricity and heat generation[185]. (The CGE modelling does not capture changes in emissions linked to automobile use.)

Thailand's industrial strategy calls for a transition to EVs and its 30@30 vision sets a goal for 30% of domestic vehicle production to be ZEVs (zero-emission vehicles) by

[183] Thailand Board of Investment.

([184]) Sirithian, D., Thanatrakolsri, P. and Pongpan, S., '$CO_2$ and $CH_4$ emission factors from light-duty vehicles by fuel types in Thailand', *Atmosphere,* Vol. 13, Issue 10, 2022, p. 1588, https://doi.org/10.3390/atmos13101588.

([185]) United Nations Development Programme (UNDP), 'Global Boiling and Climate Change: Which sector in Thailand is the largest contributor of greenhouse gas emissions', UNDP Thailand website, August 2024, accessed 28 May 2026, https://www.undp.org/stories/greenhouse-emissions-thailand.

2030. Measures to accelerate this transition include subsidy programmes and investment incentives to attract FDI, which could support FDI from the EU automobile sector. EV manufacturing is expected to increase in 2025 and 2026 as these investments materialise. As EVs are charged by the electricity grid, the extent of GHG reductions depend in part on the power sector's carbon intensity[186], which currently uses fossil fuels for over three-quarters of electricity generation[187].

Without a transition towards cleaner energy sources, vehicle electrification may yield more limited emissions reductions. In this context, increased FDI in the energy sector could support decarbonisation. Consequently, while trade liberalisation under the FTA could expand automotive production and associated emissions, TSD provisions and investment in the FTA could promote EVs in both economies, as well as cleaner energy in Thailand, leading to reductions in GHG emissions over the longer term.

In the consultation, an independent civil society stakeholder considered the electrification of the sector a major movement and suggested that environmental capacity-building is necessary in anticipation of the entry into force of the FTA.

Rice occupies an important position in EU-Thailand trade. The effect of the FTA on the sector will depend on the market access provisions related to rice, such as the pace and extent of tariff reduction, and safeguard mechanisms. The CGE modelling indicates that, based on the modelling assumptions, Thai exports to the EU are expected to increase, although the sectoral analysis notes that the extent to which they will displace EU production rather than other imports is unclear, as Thailand produces different rice varieties than those grown in the EU (see sectoral analysis on rice).

Rice is Thailand's largest agricultural source of GHG emissions, notably from methane emitted from flooded paddies. Negative climate impacts are a challenge in the sector but several methods, such as alternative wetting and drying (AWD), can mitigate emissions (see Box 1). Technical assistance to support adoption of AWD could be a valuable flanking measure.

EU emissions from rice production may decline slightly, depending on the impact on domestic production. Other impacts on EU emissions are expected to be minor: an EU

(186) Puttanapong, N. and Bowonthumrongcha, T., 'The economic and greenhouse gas emission impacts of electric vehicles', in: Zen, F., F. Kimura, and A.J. Purwanto (Eds.), *Fiscal policy to support the green and just energy transition*. ERIA Research Project Report FY2024 No. 28, ERIA, Jakarta, 2025, pp.105-187.

(187) International Energy Agency (IEA), 'Energy system of Thailand', n.d., IEA website, accessed 25 May 2026, https://www.iea.org/countries/thailand.

sectoral stakeholder stated that environmental effects from EU rice milling operations would be indirect and limited, as the sector focuses on processing within the EU, where environmental standards are already high.

**Box 1: Alternative Wetting and Drying (AWD)**

AWD is a water management practice in rice cultivation, where fields are periodically drained instead of being continuously flooded[188]. By introducing controlled drying phases, AWD reduces anaerobic conditions in the soil, significantly lowering methane ($CH_4$) emissions. Field trials in Kalasin Province, northeastern Thailand, found that AWD reduced annual GHG emissions by 48.2% compared to continuous flooding, while maintaining rice yields[189]. Globally, AWD has been shown to reduce methane emissions by 30–50% and water use by 20–50%, with stable or improved crop yields[190]. Beyond climate benefits, AWD can improve water-use efficiency and resilience to water scarcity, making it particularly relevant in irrigated systems[191]. However, its effectiveness depends on reliable water control infrastructure, farmer training and monitoring, which can limit large-scale adoption in rainfed areas.

Thailand has promoted AWD since 2016 as a water-saving irrigation technology, especially for irrigated rice and for selected farmers[192]. A recent review, however, found that scaling up this method is constrained by farmers' lack of knowledge, perceived risks, the suitability of fields, and costs[193].

The Thai Rice NAMA project has implemented four low-emission rice technologies in Thailand's CAPSAS provinces, including AWD, laser land levelling, site-specific

(188) Sriphirom, P., Rossopa, B. and Kaewnoi, K., 'Synergistic greenhouse gas mitigation in rice cultivation through alternate wetting and drying combined with soil amendments', *J Soil Sci Plant Nutr,* Vol. 26, 2026, pp. 3810–3829, https://doi.org/10.1007/s42729-026-03100-3.

(189) Sriphirom, P. and Rossopa, B., 'Assessment of greenhouse gas mitigation from rice cultivation using alternate wetting and drying and rice straw biochar in Thailand', *Agricultural Water Management*, Vol. 290, 2023, 108586, https://doi.org/10.1016/j.agwat.2023.108586.

(190) Yadav, A., Mishra, A.K. and Maurya, P.K., 'Optimising resource use efficiency with alternate wetting and drying: A climate-smart solution', in: Mishra, A.K., Sharma, S., Mishra, A. and Roy, A. (Eds.), *Transition to Regenerative Agriculture*, Springer, Singapore, 2025, https://doi.org/10.1007/978-981-96-1421-9_5.

(191) Sriphirom, P. and Rossopa, B., 'Assessment of greenhouse gas mitigation from rice cultivation using alternate wetting and drying and rice straw biochar in Thailand', *Agricultural Water Management*, Vol. 290, 2023, 108586, https://doi.org/10.1016/j.agwat.2023.108586.

(192) In particular for farmers in the Good Agricultural Practice certification programme implemented by the government, which aims to mobilise farmers to improve their operations and preserve the environment, while reducing costs of production.

(193) Suwanmaneepong, S., et al., 'Wetting and drying as water-saving technology: An adoption intention in the perspective of Good Agricultural Practices (GAP) suburban rice farmers in Thailand', *Water*, Vol. 15, Issue 3, 2023, p. 402, https://doi.org/10.3390/w15030402.

nutrient management and rice straw/stubble management[194].

The EU's carbon border adjustment mechanism (CBAM), which enters its definitive regime in 2026, imposes a carbon price on imports of cement, iron and steel, aluminium, fertilisers, electricity and hydrogen, equivalent to the price faced by EU domestic producers under the Emissions Trading System (ETS). Firm-level evidence from Thailand shows that the announcement and implementation of the mechanism has already negatively affected Thai exporters' shipments of goods under the CBAM to the EU, with more severe effects for SMEs[195].

The CGE modelling suggests that CBAM goods are not expected to see major changes under the FTA's tariff changes (see section 3.2.1). The CBAM introduces a new cost for carbon-intensive Thai exports, but may incentivise Thai industry to decarbonise production processes and could complement the FTA's TSD chapter by reinforcing climate objectives[196]. Two stakeholders highlighted the challenge and opportunity posed by the CBAM, one academic and one business representative.

### 5.2.2 Climate adaptation

The EU and Thailand face multiple climate risks, with the EU facing temperature increases above the global average and Thailand strongly exposed to flood and drought events.

In Thailand, the FTA's influence on agriculture and aquaculture could lead to impacts for climate adaptation. The CGE modelling indicates that the FTA is expected to lead to an increase in Thailand's agricultural exports to the EU, particularly processed foods and poultry (see section 3.2.1.2) and potentially rice and sugar (see sectoral analyses).

(194) International Rice Research Institute (IRRI), 'Lessons learned from four low-emission technologies implemented by Thai Rice Nama Project', IRRI website, 2024, accessed 25 May 2026 , https://www.irri.org/news-and-events/news/lessons-learned-four-low-emission-technologies-implemented-thai-rice-nama.

(195) Tontiwachwuthikul, T. et al. 'The impact of the EU CBAM on Thai exporting firms: Analysis of firm-level data', Discussion Paper No. 243, Puey Ungphakorn Institute for Economic Research, 2025, https://ideas.repec.org/p/pui/dpaper/243.html.

(196) Amendola, M., 'Winners and losers of the EU carbon border adjustment mechanism. An intra-EU issue?', *Energy Economics*, Vol. 142, 108139, 2025, https://www.sciencedirect.com/science/article/pii/S014098832400848X.

Greater exports could lead to an increase in farmed area (agriculture already covers 55.5% of Thailand's surface area) and a reduction in forested area, increasing flood and drought risks.

One area of concern raised by an EU civil society stakeholder is the expansion of Thailand's shrimp and prawn exports to the EU, as aquaculture production can encroach on mangrove forests that protect coastlines from flooding from the sea and harm biodiversity (see section 5.2.8 below). In 2024, EU imports of Thai frozen shrimp and prawns amounted to only around 377 tonnes, worth EUR 4.46 million, a minor volume compared to Thailand's overall shrimp and prawn aquaculture production, and Thailand was not among the EU's main shrimp suppliers[197]. While shrimp farming has historically contributed to mangrove deforestation globally, recent evidence suggests low mangrove conversion linked to shrimp production in Thailand[198]. Nevertheless, this is an issue to monitor under an FTA. In addition, support for sustainable aquaculture and mangrove projects could be a flanking measure favouring climate adaption.

### 5.2.3 Air quality

Despite recent policy initiatives, air pollution remains a major public health and economic threat in Thailand, particularly in industrial and urban areas. Motor vehicles are a major source of air pollution in urban areas, particularly for PM2.5 and nitrogen oxides, due to heavy traffic and a large share of diesel vehicles[14] (see Annex 6). Thailand's measures to promote EVs should lead to improvements in air quality, while FTA provisions (e.g. for investment) could support this trend (see section 5.2.1).

Sugarcane burning is another major source of air pollution. The practice consists of burning crops to clear fields and prepare for new planting cycles[199]. The CGE results project minimal changes in bilateral trade, although changes in TRQs would have a larger impact than changes in tariff structures (see sectoral analysis and Annex 6, Table 31).

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([197]) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025, p. 14.

([198]) WEF, 'Mangroves and shrimp: a litmus test for food system transformation', WEF website, January 2025, accessed 28 May 2026, https://www.weforum.org/stories/2025/01/mangroves-shrimp-litmus-test-food-system-transformation/.

([199]) Prasertsri, L. et al., 'Addressing pre-harvesting sugarcane burning in Thailand: A quasi-experimental study of monetary incentive'. *J Environ Manage,* Vol. 378, April 2025, 124780, https://www.sciencedirect.com/science/article/abs/pii/S030147972500756X.

In line with the ASEAN agreement on Transboundary Haze Pollution (see section 5.1.5), the Thai government has introduced measures to minimise sugarcane burning, such as a programme to 'reach zero burning', including subsidies to discourage burning and penalties. The measures are considered to have had some effect. While in 2024, the target was not reached and in many areas the practice continued, notable improvements were made in the 2025-2026 season. Indeed, pre-harvest sugarcane burning fell to 3.8%, below the government's 10% ceiling and the lowest level recorded. The government has set a new target of reducing burning to below 3% next season, with the longer-term objective of zero burning[200]. Nonetheless, if the FTA causes an increase in trade, it will be important to ensure that this progress is maintained and that sugarcane burning does not increase. It will be useful to consider whether the FTA can support Thailand's policy goals through flanking measures.

### 5.2.4 Water management

Civil society stakeholders from the EU and Thailand raised several points about water management in agriculture. Thailand is a major global exporter of chicken, and poultry and eggs represented around 23% of EU agri-food imports from Thailand in 2024, equivalent to approximately EUR 491 million, with imports largely driven by broiler chicken products[201]. The CGE modelling indicates that poultry exports to the EU are expected to increase with an FTA (see section 3.2.1.2). An EU civil society stakeholder noted that increased poultry production in Thailand linked to greater exports, particularly in intensive housing systems with high stocking densities, would increase environmental impacts. A recent report[202] highlights environmental issues related to poultry production in Thailand, including manure accumulation, ammonia build-up, risks to air quality and water pollution through nitrogen and phosphorus runoff. The FTA could increase risks of surface and groundwater contamination, particularly in areas where production is geographically concentrated.

[200] ChiniMandi, *Thailand Cuts Pre-Harvest Sugarcane Burning to 3.8% in 2025–26 Season*, 8 May 2026, accessed 19 August 2026, https://www.chinimandi.com/thailand-cuts-pre-harvest-sugarcane-burning-to-3-8-in-2025-26-season/ ; *Naewna, Varawut' Pleased as Burned Sugarcane Falls to 3.8%, Sets Target of Below 3% Next Year and Moves Towards Zero Burn*, 18 May 2026, 19 August 2026, https://www.naewna.com/business/965243.

(201) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

(202) Ibid.

Thai aquaculture is an important economic sector, but exports to the EU are modest. However, EU and Thai civil society stakeholders noted that improved market access under the FTA could create incentives for export-oriented aquaculture growth, including for freshwater fish. This could lead to increased pressures linked to water quality from wastewater discharges, leakage of aquaculture farm water into surrounding water bodies, and the management of feed, drugs and chemicals. Thailand's fisheries legislation provides for controls on aquaculture effluents, solid waste, hazardous substances and leakage from aquaculture farms[203]. If the FTA leads to export-oriented growth of aquaculture, it would be useful to monitor impacts on freshwater and coastal water systems.

An EU civil society stakeholder raised animal welfare concerns, noting that Thailand's laws offer minimal coverage of aquatic species, as they focus primarily on land animals, with fish not recognised as sentient beings under national statutes. Welfare concerns in fish farming centre on water quality and stocking density, and the stakeholder pointed to investigations that have identified such issues in Thai fish farms[204].

### 5.2.5 Chemical and pesticide management

In 2023, chemicals were Thailand's largest import from the EU, representing 20.9% of the total[205]. The FTA is expected to increase this trade (see section 3.2.1.1).

EU agri-food stakeholders have raised concerns that EU exports include chemical products no longer authorised in the EU itself, a point supported by data[206], and that an FTA could increase such exports. Both the EU and Thailand have ratified the Rotterdam Convention, which establishes prior informed consent (PIC) for chemicals, including pesticides, banned or severely restricted in the exporting country[207].

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([203]) Royal Ordinance on Fisheries B.E. 2558 (2015), Chapter 6, Aquaculture Promotion, Sections 73–78.

([205]) WTO, 'Bilateral trade relations', WTO website, n.d., accessed 28 May 2026, https://ttd.wto.org/en/reports/bilateral-trade-relations/show?member1=C764&member2=U918.

([206]) Thai Agricultural Regulatory Division, 'Plant and Agricultural Materials Control Division – Summary of import and export data on hazardous agricultural materials', Thai Agricultural Regulatory Division website, 2024, accessed 2 June 2026, https://www.doa.go.th/ard/?page_id=386.

([207]) Rotterdam Convention on the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade,

Thailand is highly dependent on imports for pesticides, importing approx. 173.5 million kilogrammes (kg) of hazardous substances for agricultural use in 2024 (up from 140.9 million kg in 2023)[208]. China supplied close to 98% of Thailand's total pesticide imports by weight in 2024, indicating that the EU share is minor.

While Thailand has a growing policy framework, including the Chemical Management Master Plan (2019–2037) and the Sustainable Pesticide Management Framework, as well as regulations setting limit values, there are concerns that enforcement is not adequate. The Thai Consumers Council (TCC) NGO published a study claiming that 68% of domestically produced fruits and vegetables exceeded residue standards[209] and calling for legislation to provide greater enforcement powers for government.

Other EU stakeholders shared their economic and health concerns. Agricultural exports might be cultivated in Thailand using pesticides that are not authorised in the EU, creating potential unfair competition with EU producers. Residues of pesticides not authorised in the EU but used in other countries may be found in food exports, with Pesticide Action Network Europe, an NGO, reporting this issue for imported organic food[210]. In principle, SPS measures should address these concerns through maximum residue level (MRL) enforcement at the EU border. Thailand updated its MRL standards in June 2024 (Ministry of Public Health Notification No. 449) and export pressures increasingly act as de facto compliance drivers[211]. The provisions of the FTA SPS chapter should strengthen cooperation, although large exporters are expected to find it

https://pic.int/theconvention/overview/textoftheconvention/rotterdamconventiontext/tabid/1160/language/en-us/default.aspx.

([208]) Thai Agricultural Regulatory Division, 'Plant and Agricultural Materials Control Division – Summary of import and export data on hazardous agricultural materials', Thai Agricultural Regulatory Division website, 2024, accessed 2 June 2026, https://www.doa.go.th/ard/?page_id=386.

([209]) Thailand Consumers Council (TCC), 'Contaminated fruits and vegetables crisis — chemicals found in 100% of samples', TCC website, September 2025, accessed 27 May 2026, https://www.tcc.or.th/120968-contaminated-fruits-vegetables/. The assessment by the TCC consisted of random testing of fruits and vegetables. For instance, 11 samples of fresh durian were tested. This was complemented by random testing conducted by the Senate and Thailand Plan Food Protection Agency. Data were presented during a seminar, 'Reversing the role of government for a safe food system'.

([210]) Pesticide Action Network Europe, 'The return of EU-banned pesticides: dangerous residues found in imported food', February 2025, accessed 3 June 2026, https://www.pan-europe.info/node/3975.

([211]) Ministry of Public Health, 'Notification No. 449', ChemLinked website, n.d., accessed 23 May 2026, https://food.chemlinked.com/news/food-news/thailand-amends-the-regulation-on-food-with-toxic-residue.

easier to comply with SPS measures than SMEs. Flanking measures could address this imbalance. In addition, a further flanking measure to the FTA could promote cooperation between the EU and Thailand on chemicals management and support the further development of Thailand's policy and regulatory framework in this area.

### 5.2.6 Land use and agriculture

Although deforestation rates have slowed in recent decades, Global Forest Watch reports that Thailand experienced a 13% loss in forest cover between 2001 and 2024 (not including some gains in newly forested areas). As of 2024, natural forests cover about one-third of the country's total land area[212]. A key driver of continued forest loss in Thailand is the conversion of land to permanent agriculture, primarily for monoculture crops such as maize, cassava, palm oil and rubber crops, mostly cultivated on deforested land.

The FTA is projected to lead to an increase in Thailand's agricultural exports to the EU. These can result in increased pressure on forest areas and biodiversity, which could be an issue for sugar. Already, an increase in sugar production has led to substantial conversion of rice fields to sugarcane in certain areas of several provinces, as well as localised cases of forest conversion or encroachment on the edges of protected forests[213]. Environmental impacts can vary: conversion from rice to sugarcane can either degrade or improve soil quality, depending on practices such as residue retention and reduced tillage[214].

Localised cases of agricultural expansion through forest conversion generate carbon emissions[215] and create pressure on biodiversity. The conversion of forests to rubber plantations is a further environmental pressure. Thailand produces around one-third of

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([212]) Global Forest Watch, 'Thailand – Forest change', Global Forest Watch website, n.d., accessed 22 May 2026, https://www.globalforestwatch.org/dashboards/country/THA/?category=forest-change&location=WyJjb3VudHJ5IiwiVEhBIl0%3D.

([213]) Suchato, R., Patoomnakul, A. and Photchanapresart, N., 'Alternative cropping adoption in Thailand : A case study of rice and sugarcane production', *Helyion,* Vol. 7, Issue 12, 2021.

([214]) Ibid.

([215]) Institute for Global Environmental Strategies, 'Developing REDD+ strategies in Thailand: A case study of drivers of deforestation, forest degradation and possible countermeasures in the Phu Wiang National Park (PWNP) area, Khon Kaen Province', Institute for Global Environmental Strategies website, n.d., accessed 12 May 2026, https://www.iges.or.jp/en/pub/developing-redd-strategies-thailand-case-study/en.

global rubber, with most harvesting occurring in the south[216]. As land availability there becomes increasingly scarce, rubber cultivation is expanding into Thailand's northeast, posing a threat to the region's natural forests[217].

The EU imports significant volumes of rubber and rubber products from Thailand, making it one of its most important suppliers in the sector. In 2024, plastics, rubber and constituent articles represented the second-largest EU import category from Thailand, at EUR 2.2 billion (8.1% of total imports)[218]. Thailand ranks among the top five sources of natural rubber imported into the EU.

The CGE modelling predicts an increase in trade for rubber, with exports expected to grow in both the EU and Thailand (see section 3.2.1.1). This could expand rubber cultivation in Thailand, particularly in the northeast, where forested land is still available for conversion[219]. The extent of this risk depends on whether demand growth translates into area expansion rather than productivity gains on existing plantations.

Regulation (EU) 2023 1115 (EU Deforestation Regulation, EUDR)[220] entered into force in June 2023 and requires operators placing commodities subject to the Regulation such as rubber to demonstrate that they are deforestation-free, with full traceability to the plot of land where they are produced . The European Commission classifies Thailand as a low-risk country[221], meaning that its producers must perform due

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([216]) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

([217]) Wang, Y. et al., 'High-resolution maps show that rubber causes substantial deforestation', *Nature*, Vol. 623, Issue 7986, 2023, pp. 340–346.

([218]) European Commission: Directorate-General for Trade and Economic Security, 'European Union, Trade in goods with Thailand', based on Eurostat Comext data (Statistical regime 4), 20 May 2026, https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_thailand_en.pdf.

([219]) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

([220]) Regulation (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010, OJ L 150 9.6.2023, p. 206.

([221]) European Commission, 'Country Classification List', European Commission website, n,d., accessed 2 June 2026, https://green-forum.ec.europa.eu/nature-and-biodiversity/deforestation-regulation-implementation/eudr-cooperation-and-partnerships/country-classification-list_en. European

diligence but are subject to fewer checks compared to medium- and high-risk countries. While the EUDR is not linked to the EU-Thailand FTA, its influence on trade in commodities between the two economies was raised by several stakeholders.

EU stakeholders highlighted the importance of Thai rubber imports, noting that the EUDR has affected supply chains where operators were unable to obtain the information required to demonstrate compliance, therefore narrowing supply options . These stakeholders commented that effectiveness of the EUDR in mitigating deforestation depends on enforcement capacity; moreover, Thai smallholders may face difficulties implementing its traceability requirements. While as noted the EUDR is a distinct area of EU legislation, the FTA could include flanking measures such as technical assistance for geolocation mapping and for smallholder cooperatives to support EUDR compliance in Thailand and counter risks that increased trade could lead to deforestation.

A European civil society stakeholder highlighted the importance of improving animal welfare in Thailand's agri-food sector, particularly in the poultry sector, as chicken imports are expected to increase with the FTA. Poultry production in intensive housing systems with high stocking densities can generate significant environmental externalities. These include manure accumulation, ammonia build-up, risks to air quality, possible impacts on workers' health and water pollution through nitrogen and phosphorus runoff. Increased poultry production could also lead to higher feed demand, which in turn can contribute to land-use change and deforestation.

Two EU civil society stakeholders raised an SPS-related issue concerning animal-health surveillance and reporting in Thailand: they questioned the absence of reported avian influenza cases in Thailand since 2007, considering it implausible. They warned that insufficient disease reporting could create unfair competitive advantages and potentially increase food safety and animal health risks for the EU. This concern was shared by a European stakeholder representing the agri-food and agricultural sectors.

Stakeholders state that improving animal welfare would improve environmental outcomes: reducing stocking densities and giving animals more space could reduce disease, antibiotic use, waste generation and environmental pressure, while improving product quality. The EU is currently updating its animal welfare framework. Cooperation

Commission website, https://green-forum.ec.europa.eu/nature-and-biodiversity/deforestation-regulation-implementation/eudr-cooperation-and-partnerships/country-classification-list_en.

mechanisms to align the standards of both countries could improve animal welfare and reduce related environmental impacts[222].

### 5.2.7 Solid waste management and circularity

Thailand's BCG economy model (see Box 2) is an important policy framework that should support the move towards a circular economy. Flanking measures to support Thailand's implementation of this model could play an important role in improving solid waste management and increasing circularity.

**Box 2: Bio-Circular-Green (BCG) economy model**

The BCG model is the Thai strategic framework for shifting from resource-intensive growth towards a more sustainable, innovation-led economy. Under the BCG approach, the circular economy pillar and the green economy pillars are particularly relevant for solid waste. It aims to keep resources in use for longer through reduction, reuse, recycling and recovery, while lowering pollution and GHG emissions[223].

The BCG strategy includes measures to: reduce waste and improve resource efficiency, especially in agriculture and food value chains[224]; promote the use of biomass and bio-based products[225]; create markets for circular and green products[226]; introduce extended producer responsibility and other actions to strengthen circularity of packaging and plastics[227].

An EU civil society stakeholder raised concerns about the risk of increased EU waste exports to Thailand. At present, the EU exports very limited volumes of waste to

(222) European Commission, 'Revision of EU animal – welfare legislation', European Commission Food Safety website, n.d., accessed 16 June 2026, https://food.ec.europa.eu/animals/animal-welfare/evaluations-and-impact-assessment/revision-eu-animal-welfare-legislation_en.

(223) BCG website, *Background*, n.d., accessed 29 May 2026, https://www.bcg.in.th/eng/background/.

(224) Office of National Education, 'BCG in Action', n.d., accessed 29 May 2026, https://www.nxpo.or.th/th/en/bcg-in-action/.

(225) Sawasdee Thailand, 'Plan for driving Thailand with the BCG model 2021-2027', Sawasdee Thailand website, 2023, accessed 29 May 2026, https://thailand.go.th/issue-focus-detail/001_03_017.

(226) BCG website, *Background*, n.d., accessed 29 May 2026, https://www.bcg.in.th/eng/background/.

(227) Regional Knowledge Centre for Marine Plastic Debris, 'Extended Producer Responsibility – Thailand', Regional Knowledge Centre for Marine Plastic Debris website, n.d., accessed 29 May 2026, https://rkcmpd-eria.org/extended-producer-responsibility/legal-framework/thailand.

Thailand, with recorded plastic waste shipments falling to just USD 260,000 in 2024[228]. This reflects a gradual decrease of the trade over several years, as Thailand phased down import allowances from 2023 and banned all plastic waste imports from January 2025. It previously banned all imports of waste electronic and electrical equipment and set strict requirements for second-hand goods to avoid waste being designated as usable products, although press reports indicate that these practices have continued[229].

On the EU side, Regulation (EU) 2024/1157 (Waste Shipment Regulation)[230] bans plastic waste exports to all non-OECD countries, and thus also Thailand, by 2026. Since June 2024, Thailand is in the accession process to the OECD[231]. While joining OECD is expected to contribute to strengthening Thailand's environmental policy framework, it could also allow greater waste trade[232]. The Waste Shipment Regulation calls for monitoring waste shipments to non-EU OECD countries. While potential negative environmental impacts from EU waste exports to Thailand appear limited at present, this is a topic to monitor under the FTA.

One civil society stakeholder and one social partner stated that the risk of illegal waste trade could be heightened by the FTA. Reports by the Thai NGO EARTH[233] and the

(228) Trading Economics, 'EU plastic waste exports to Thailand', Trading Economics website, n.d., accessed 28 May 2026, https://tradingeconomics.com/european-union/exports/thailand/waste-parings-scrap-plastics.

(229) Long, G., 'Why your old mobile phone may be polluting Thailand', *BBC*, 26 June 2025, https://www.bbc.com/news/articles/cy9x4gpjdj2o.

(230) Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste, amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 and repealing Regulation (EC) No 1013/2006, OJ L, 2024/1157.

(231) OECD, 'Accession: Thailand', OECD website, n.d., accessed 29 July 2026, https://www.oecd.org/en/countries/thailand.html.

(232) This is a concern for Türkiye, a long-standing OECD country that receives large quantities of waste from the EU, with issues raised about management of these waste imports (Binbuğa, B., 'European waste trade with Turkey: Roadmap to sustainability or a false promise?', Policy brief, Stockholm University, 2024, https://www.su.se/english/divisions/institute-for-turkish-studies/about-the-institute/european-waste-trade-with-turkey-roadmap-to-sustainability-or-a-false-promise.

(233) Roberts-Davis, T.L., Saetang, P. and Jeungsmarn, P., 'Trading away health and the environment – the toxic business of waste – imports into Thailand', EARTH, 2023, https://2024.earththailand.org/en/document/94.

United Nationals Office on Drugs and Crime (UNDOC)[234] confirm that illegal waste trade occurs between the EU and Thailand. Waste arrives in Thailand from developed countries through both licit and illicit means, despite international controls under the Basel Convention. Waste entering Thailand can be linked to dirty or unsafe recycling, toxic releases, weak follow-up by authorities, poor community access to information, limited accountability and environmental harm near waste producing sites. Illegal waste trade can also involve misdeclared shipments, exploitation of regulatory loopholes, insufficient traceability, corruption and sometimes organised criminal groups using legitimate companies as cover. The UNDOC report highlights specific instances of illegal waste shipments to Thailand from EU Member States such as Belgium (mixed metals), Italy (non-ferrous metal scraps and e-waste) and the Netherlands (paper waste).

The FTA is expected to support the further production and adoption of EVs. While Thailand's policies to promote EVs should reduce GHG emissions and other impacts (see section 5.2.1), they will increase specific waste streams, notably from batteries. Already, a surge in spent batteries has highlighted regulatory gaps and environmental risks in Thailand[235], which lacks capacity to repurpose or recycle batteries. Thailand is expected to accumulate hundreds of thousands of tonnes of spent EV batteries in coming decades, reaching 2.5 million tonnes by 2043[236]. Spent batteries contain heavy metals such as lithium, cobalt, nickel and lead, as well as harmful chemicals, and are thus considered hazardous waste. If the batteries are not dismantled carefully, these substances may leak into soil and water, damaging ecosystems and human health[237].

National instruments have the potential to mitigate those impacts. Thailand is currently drafting a Waste Electrical and Electronic Equipment Management Act (WEEE Act),

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([234]) UNDOC, *Turning the Tide – A look Into the European Union-to-Southeast Asia waste trafficking wave*, 2024, https://www.unodc.org/documents/bmb/environmental-crime/FINAL_for_printing_-_Turning_the_tide.pdf.

([235]) Roney, T., 'Q&A: As Thailand bets on EVs, what will happen to the spent batteries?', Dialogue Earth website, 2026, accessed 28 May 2026, https://dialogue.earth/en/pollution/qa-as-thailand-bets-on-evs-what-will-happen-to-the-spent-batteries/.

([236]) Kunanusont, N. and Limthongkul, P., *Analysis of EV battery end-of-life*, 2024, Thailand Energy Storage Technology Association (TESTA), National Energy Technology Center (ENTEC), UNDP, UNDP Thailand, Bangkok, 2024, https://www.undp.org/thailand/publications/analysis-ev-battery-end-life.

([237]) TDRI, 'Defusing battery waste time bomb', TDRI website, 2025, accessed 28 May 2026, https://tdri.or.th/en/2025/10/defusing-battery-waste-time-bomb/#:~:text=To%20avoid%20ending%20up%20with,of%20all%20types%20of%20batteries

which would include batteries and mandate take-back and recycling for producers. Life cycle assessment studies for Thailand show that repurposing EV batteries, for instance for grid or storage use, before recycling yields the best environmental benefit[238].

The draft WEEE Act envisions extended producer responsibility for electronics and batteries, requiring producers and importers to finance the management of these waste streams. A key challenge will be to avoid the shipment of waste batteries across borders to countries with less oversight[239]. The FTA's TSD chapter is expected to include commitments to the effective implementation of MEAs, including the Basel Convention, regulating transboundary movements of hazardous waste. Cooperation with the EU could help Thailand to draw on the experience of EU legislation, especially the Waste Shipment Regulation, and the FTA can act as a platform for further cooperation. The Thai Board of Investment provides tax incentives for activities fostering a circular economy, such as environmentally friendly production, imports of recycling machinery and businesses that use domestic plastic scaps[240]. Support for green financing could also help to mitigate potential negative impacts.

### 5.2.8 Biodiversity

Different sectors affect terrestrial and aquatic biodiversity to considerably different extents and are accordingly addressed separately.

#### 5.2.8.1 Terrestrial biodiversity

The main risk to terrestrial biodiversity in Thailand comes from agricultural expansion, which drives deforestation and encroachment on natural areas (see environmental baseline in Annex 6). Natural forests now cover only about one-third of the country's land area. The key driver of continued forest loss is the conversion of land to permanent

(238) S. Sitcharangsie, S. Paengkanya, S. Papong, 'Environmental trad-offs of EV battery end-of-life options in Thailand: A life cycle assessment with sensitivity to electricity mix and battery degradation', *Sustainable Production and Consumption*, October 2025, 59, pp 63-81, https://doi.org/10.1016/j.spc.2025.08.007

(239) Roney, T., 'Q&A: As Thailand bets on EVs, what will happen to the spent batteries?', Dialogue Earth website, 2026, accessed 28 May 2026, https://dialogue.earth/en/pollution/qa-as-thailand-bets-on-evs-what-will-happen-to-the-spent-batteries/.

(240) UNODC, 'How waste trafficking hinders the development of circular economies – impacts, challenges and solutions: Lessons from Southeast Asia', Discussion paper, 2025, https://www.unodc.org/unodc/environment-climate/asia-pacific/unwaste.html.

agriculture, on both the large- and small-scale, for monoculture crops such as maize, cassava, palm oil, sugarcane and rubber, much of it cultivated on previously forested land[241].

Rubber cultivation poses a growing threat to the region's natural forests (see section 6.2.6). Sugarcane shows a similar, if more localised, pattern, with documented cases of forest conversion and encroachment on the edges of protected areas (see section 6.2.6). EU civil society stakeholders raised concerns that high feed demand from intensive poultry production, including for soy, may contribute to land-use change and deforestation. The loss and fragmentation of forests and other natural habitats reduce the area available to wildlife, contributing to population decline and threatening vulnerable and endangered species.

The FTA is expected to increase trade in agricultural products and production increases to meet this demand could intensify pressures on forests and natural habitats. Mitigation measures could include support for Thailand's implementation of the CBD, and enhanced cooperation on addressing commodity-driven deforestation under the TSD chapter as well as measures supporting traceability and compliance with applicable market requirements, including the EUDR.

The EU is a major actor in illegal wildlife trade, being among the largest worldwide consumers and an important transit point[242]. Illegal products can be concealed within legal shipments through mislabelling, misdeclaration or laundering via captive breeding/nurseries. Since 2020, Thailand is the country with the most wildlife exports seized at EU level, according to TRAFFIC, with the majority being cacti extracts for medicinal use[243]. TRAFFIC's last report shows that in 2023, exports from Thailand amounted to 15% of total EU reported seizure records[244]. Additionally, Europe is a key

(241) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

(242) Mozer, A. and Prost, S., 'An introduction to illegal wildlife and its effects on biodiversity and society', *Forensic Science International: Animals and Environments,* Vol. 3, 2023, 100064, https://www.sciencedirect.com/science/article/pii/S2666937423000021.

(243) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

244 TRAFFIC, 'EU Remains Major Hub for Illegal Global Trade of Wild Species, Latest Data Shows', 5 March 2025, https://www.traffic.org/publications/reports/eu-remains-major-hub-for-illegal-global-trade-of-wild-species-latest-data-shows/.

destination for illegally sourced wild orchids[245], with plants laundered through legitimate nurseries. Thailand is also recognised as a key transit and destination country for illegal wildlife trade, for example for live mammals from other Asian countries[246].

Legal and illegal wildlife are intertwined, meaning that increased trade volumes and e-commerce could create more opportunities to conceal illegal wildlife products within legal flows[247]. Two civil society stakeholders noted concerns about a potential increase of illegal wildlife trade alongside trade liberalisation under the FTA, with environmental impacts that could include biodiversity loss and population decline[248].

Thailand has ratified CITES, but enforcement and monitoring gaps persist[249]. Stronger cooperation on the implementation of CITES and CBD and strong language on wildlife trafficking in the FTA could help to mitigate this potential challenge. This could be complemented by customs and enforcement capacity-building as a flanking measure, as well as additional support for traceability and transparency systems, such as certification/labelling for traded specimens.

#### 5.2.8.2 Marine and coastal biodiversity

As noted in the climate-adaptation section (section 5.2.2), a potential concern for the EU-Thailand FTA is whether increased exports of farmed shrimp to the EU could create pressure on mangrove ecosystems. Shrimp aquaculture can affect coastal ecosystems through habitat conversion and pollution from aquaculture effluent. Although recent

(245) UNODC, *World Wildlife Crime Report*, 2024, p. 162, https://www.unodc.org/unodc/en/data-and-analysis/wildlife.html.

246 Wildlife Justice Commission*, One Arrest at a Time: Targeting the Criminal Networks Behind Wildlife Trafficking*, 20 April 2026, accessed 19 August 2026, https://wildlifejustice.org/one-arrest-at-a-time-targeting-the-criminal-networks-behind-wildlife-trafficking/.

(247) European Parliament: Directorate-General for External Policies, *EU trade policy and the wildlife trade*, Publications Office of the European Union, Luxembourg, November 2016, ISBN: 978-92-846-0385-5; Mozer, A. and Prost, S., 'An introduction to illegal wildlife and its effects on biodiversity and society', *Forensic Science International: Animals and Environments,* Vol. 3, 2023, 100064, https://www.sciencedirect.com/science/article/pii/S2666937423000021.

(248) Cardoso, P. et al., 'Scientists' warning to humanity on illegal or unsunatainble wildlife trade', *Biological Conservation,* Vol. 263, November 2021, 109341, https://www.sciencedirect.com/science/article/pii/S0006320721003931.

(249) Blot, E., Flottes de Pouzols, A. and Hiller, N., 'Briefing: Thailand – animal protection in EU trade negotiations', Eurogroup for Animals, Brussels, 2025.

evidence suggests that mangrove conversion linked to shrimp production in Thailand is now low, trade-driven expansion could create renewed or indirect pressures. It may therefore be useful to consider flanking measures promoting deforestation- and conversion-free shrimp supply chains, farm-level traceability, protection of remaining mangroves, and effective management of aquaculture effluent[250].

The tuna industry is a key sector likely to be affected by the FTA. Thailand is a major global exporter of canned tuna and operates primarily as a processing hub, importing raw tuna inputs from third countries and re-exporting processed products, including to the EU. Trade is likely to increase under the FTA. Key aspects of the FTA that would impact the sector are improved preferential access, which could substantially strengthen Thai exports to the EU, rules of origin, regulatory requirements and traceability, sustainability and fisheries governance provisions in the TSD chapter (see case study on tuna).

Thailand imports raw tuna from a wide range of suppliers and re-exports processed tuna products. In 2023, its main tuna input suppliers included Taiwan, Nauru, China, South Korea and Micronesia, with Taiwan alone representing around EUR 223 million in tuna input imports (see case study on tuna). Increased Thai processed-tuna exports to the EU could raise Thailand's demand for tuna catch. However, increased processing and re-export trade would not necessarily translate directly into higher catches overall, as fleets may redirect their catches from other countries to Thailand.

If the FTA leads Thai processors to increase sourcing from third-country fleets, biodiversity impacts would depend on the sustainability of the fisheries supplying Thailand, including stock status, bycatch controls, fish aggregating devices (FAD) use, observer coverage and Regional Fisheries Management Organisation (RFMO) compliance[251]. (As noted above, the main third-country fleets currently supplying Thailand are from Asia and Oceana; in principle, however, EU fleets could also supply tuna catch to meet an increase in processing demand in Thailand.)

For Thailand itself, the biodiversity risk is mainly linked to fisheries governance, traceability and the ability to prevent IUU-linked fish from entering processing chains. Thailand is a Party to the FAO Agreement on Port State Measures (PSMA), which

[250] World Economic Forum, *Mangroves and Shrimp: A Litmus Test for Food System Transformation*, 30 January 2025, accessed 19 August 2026, https://www.weforum.org/stories/climate-action/mangroves-shrimp-litmus-test-food-system-transformation/

([251]) Institute for Sustainable Development and International Relations (IDDRI), 'Tuna: fish and fisheries, markets and sustainability', 2018, 201811-Tuna-gloablEN.pdf.

requires port controls aimed at preventing, deterring and eliminating IUU fishing[252]. A key issue in the context of increased third-country outsourcing will adequate implementation of this agreement.

Thailand's seafood sector has historically faced governance and ecosystem pressures: until reforms in 2015, weak fisheries regulation contributed to severe environmental degradation[253]. T the recently adopted revised fishery framework[254] has again raised concerns among Thai civil society stakeholders, who have warned that the amendments could increase fishing pressures, weaken detection of IUU, reduce traceability and expose marine ecosystems to greater harm[255].

The Western and Central Pacific Tuna Fishery Commission (WCPFC) assesses skipjack, yellowfin and bigeye tuna populations as currently in good condition and not subject to overfishing[256]. However, the record 3.059 million tonnes of tuna caught in the Convention Area in 2024, 70% of which was taken by purse-seine vessels, highlight potential pressure on stocks if fishing intensifies. Furthermore, the scale of catches indicates that any FTA-driven increase in Thai demand should be assessed through the sustainability of these upstream fisheries, not through Thai processing activity alone.

While the case study identifies Thailand's main 2023 suppliers as largely Pacific-linked, Thai canneries operate in a global market and sourcing can shift. The Indian Ocean Tuna Commission (IOTC) states that yellowfin is not overfished and is not subject to overfishing; however, it also notes that the 2024 catch was estimated above the recent maximum sustainable yield range and that higher catch levels are predicted to lead to

[252] FAO, Agreement on Port State Measures, 2009 (eif : 2016). https://www.fao.org/port-state-measures/background/parties-psma/en/.

([253]) Environmental Justice Foundation (EJF), 'Joint civil society statement concerning Thailand's fishing sector at a critical crossroads', EJF Foundation website, 2023, accessed 5 June 2026, https://ejfoundation.org/resources/downloads/CSO-Joint-Statement-Critical-Crossroads-EN-1.pdf.

([254]) Dao, T., 'Thai Parliament passes controversial amendments to Fisheries Law', Seafoodsource website, 2025, accessed 16 June 2026, https://www.seafoodsource.com/news/supply-trade/thai-parliament-passes-controversial-amendments-to-fisheries-law.

[255] Environmental Justice Foundation (EJF), 'Joint civil society statement concerning Thailand's fishing sector at a critical crossroads', EJF Foundation website, 2023, accessed 5 June 2026, https://ejfoundation.org/resources/downloads/CSO-Joint-Statement-Critical-Crossroads-EN-1.pdf.

([256]) WCPFC, 'Fish stock and ecosystem sustainability', WCPFC website, n.d., accessed 3 June 2026, https://www.wcpfc.int/sustainability/fish-stock-and-ecosystem-sustainability.

an overfished state in the long term[257]. This supports a precautionary approach whereby increased market access is accompanied by traceability to catch area.

China, Taiwan and South Korea are major distant-water fishing actors and rank among the higher-risk countries in the 2025 IUU Fishing Risk Index. China ranks worst overall, while Taiwan and South Korea are among the 10 worst-performing countries assessed[258]. An FTA-driven increase in EU imports of Thai processed tuna would therefore translate into additional fishing pressures from these high IUU risk vessels supplying the Thai sector.

EU and Thai civil society stakeholders stated that there is no level-playing field with Thailand's tuna sector, which continues to buy tuna taken with unsustainable practices, including IUU; however, Thai business representatives considered the risk to be more limited. The main fishing method relevant to canned tuna is purse seine, particularly for skipjack and yellowfin. Biodiversity risks are linked to purse-seine fishing, in particular, which can increase juvenile catches of bigeye and yellowfin and bycatch of non-target species. Longline fishing is also relevant for distant-water fleets from China, Taiwan and South Korea. Although it is more associated with adult bigeye/albacore and sashimi-grade tuna, it raises risks linked to bycatch, low observer coverage and at-sea transhipment[259].

### 5.2.9 Environmental governance

Both the EU and Thailand's FTAs have included provisions on TSD and these are expected to be part of the EU-Thailand agreement. In 2025, an ex-post evaluation of the climate and environmental provisions of selected EU FTAs found that these agreements were 'effective at stimulating dialogue and information exchange on MEAs between partner countries'[260]. They were also found to be drivers for the implementation of these

(257) IOTC, 'Executive Summary: Yellowfin Tuna', Appendix 4, IOTC-2025-SC28-ES04_YFTE, 28th Session of the Scientific Committee, IOTC website, 2025, https://iotc.org/sites/default/files/documents/2025/11/IOTC-2025-SC28-ES04_YFTE.pdf.

(258) IUU Fishing Risk Index, 2025, accessed 3 June 2026, https://iuufishingindex.net/.

(259) WCPFC, 'Skipjack tuna (extended summary', WCPFC website, n.d., accessed 3 June 2026, https://www.wcpfc.int/sustainability/conservation-and-management-tuna-and-billfish-species/skipjack-tuna-extended-summary.

(260) European Commission: Directorate-General for Trade and Economic Security, Freytag, A. et al, *Ex-post evaluation of the impact of EU FTAs on key environmental aspects, including climate*, Publications Office of the European Union, Luxembourg, 2025.

MEAs and promoted dialogue on regulatory issues between the parties. The evaluation provided no details on environmental and climate improvements that could be directly tied to the FTAs.

The study shows evidence that EU FTA stimulated trade in environmental goods and services, but notes that barriers to this trade remained. It states that partner country governance and domestic policy choices influence progress on trade and the environment, as does the extent of stakeholder participation in the implementation of FTAs. Public procurement rules are also a potential barrier and it will be valuable to encourage greater uptake of environmental goods and services here.

Table 8 presents an overview of key provisions that could be included in the TSD chapter of the FTA and their potential impacts. The impacts of the TSD chapter will also depend on the institutional mechanisms established under the FTA (see section 4.1.3).

**Table 8: Potential environmental and climate provisions of the TSD chapter**

| Potential provision | Main economic sectors that could be affected | Potential environmental impacts | Key stakeholders |
|---|---|---|---|
| Right to regulate | All economic sectors | Will allow ongoing improvement in environmental governance | Government, civil society, enterprises |
| Multilateral environmental governance and agreements, including ratification and implementation of MEAs | All economic sectors | Continued strengthening of environmental governance in Thailand, across areas of MEAs such as waste trade and chemicals management (see below for biodiversity and climate) | Government, civil society, enterprises |
| Trade and climate change, including a shared commitment to implement MEAs on climate, notably the Paris Agreement | All economic sectors | Stabilisation and long-term reduction in Thai GHG emissions compared to the baseline<br>Improved climate change adaptation | Government, civil society, population, enterprises |
| Trade and biological diversity (including ratification and implementation of MEAs on biodiversity) | Mainly primary sectors (agriculture, fisheries, forestry) | Strengthening Thailand's biodiversity protection frameworks and institutions | Government, civil society, agriculture, fisheries and forestry sectors |

| Potential provision | Main economic sectors that could be affected | Potential environmental impacts | Key stakeholders |
|---|---|---|---|
| Trade and forests | Mainly primary activities, especially agriculture and forestry | Strengthening Thailand's governance of forest management<br>Support for Thailand's compliance with EUDR requirements.<br>Ongoing and potentially increasing Thai exports of forest products | Government, civil society, agriculture and forestry sectors |
| Trade and marine biological resources and aquaculture | Mainly primary activities, especially fisheries | Strengthening Thailand's management of fisheries and aquaculture and compliance with EU requirements | Government, civil society, fisheries and aquaculture sectors |
| Trade and investment supporting sustainable development | All economic sectors | Increased trade and investment for environmental goods and services | Government, economic sectors |

*Source: Authors' elaboration.*

The survey respondents were overall not optimistic about the influence of an EU-Thailand FTA on the environment and climate. Among the 15 EU respondents to the business survey, five indicated that the FTA would have favourable or no effect for the EU's climate and environment agenda, seven thought it would have a negative effect, and three indicated 'don't know' or did not provide a response. While only two respondents to the business survey, both from Thailand, replied to the question of whether or not the FTA would influence Thailand's environmental agenda, both felt it would have a positive impact.

The TSD chapter is expected to include provisions for trade and investment supporting sustainable development (see Table 8) and for the promotion of corporate social responsibility and responsible business practice: these provisions are expected to encourage EU investors in Thailand to put in place good corporate environmental governance and to similarly encourage Thai investors in the EU.

Nine of the 15 EU respondents to the business survey reported that their company or organisation had an environmental policy, and eight reported that there was a formal, written policy (the exception being a business organisation). This indicates some basis that EU companies trading with or investing in Thailand would bring their corporate environmental governance practices. Only three EU respondents to the business survey indicated that the FTA would influence their company environmental policy, six believed it would not, and six did not reply. One of the two Thai respondents to the business

survey indicated that it would not affect their company environmental policy, and the other did not reply.

An independent civil society stakeholder highlighted that Thailand is drafting corporate sustainability legislation to align with the CSDDD (see section 4.1.3). This will be valuable, as several stakeholders from the Thai and EU civil society considered that Thailand's environmental governance and enforcement capacity are insufficient to manage the challenges associated with intensified trade and investment. The same stakeholder expressed concerns that modifications to the CSDDD could reduce its impact.

### 5.2.10 Impacts on cross-cutting issues

The impacts of the EU-Thailand FTA on some of the environmental challenges described above intersects with the cross-cutting issues reviewed in this study.

While preliminary analyses led to the expectation of potential **environmental impacts on LDCs**, CGE results indicate limited changes in GHG emissions for Asian LDCs, with a small increase both the conservative and the ambitious scenarios (see section 5.2.1). Moreover, the economic analysis suggests that the FTA's impacts on EU agri-food imports such as sugar, tuna and rice from LDCs would be limited (see section 3.2.3.1), implying that related environmental effects would be minor.

The analysis identified one possible area of impacts on **consumers** in the EU, with the risk that increased imports of agri-food products from Thailand could contain residues of pesticides not authorised in the EU (see Section 5.2.5). SPS measures would address this risk, though as suggested above, a flanking measure to strengthen chemicals and pesticides management should be considered.

Concerning the EU's **outermost regions**, the FTA could lead to competition from Thai sugar exports affecting production in these areas, notably La Réunion, though the scale of this effect is expected to be small (see Section 3.2.3.2 above). One business stakeholder stated that sugar produced in Réunion and Guadeloupe (especially brown sugar) faces high production costs and limitations in area cultivated, which would make competitiveness with Thai sugar difficult. Even though impacts should be limited, should sugar cane cultivation contract over time, this could carry environmental implications. For example, sugar cane can contribute to soil stabilisation and erosion control on

terrain exposed to tropical rainfall[261] (though reforestation and other land use policies could counter this in the event of land abandonment). Sugar production also serves as feedstock for local renewable energy production, notably bagasse-based electricity and bioethanol, and the supply of feedstock would be reduced if there are impacts on sugar production in the outermost regions; the impacts on renewable energy production, GHG emissions and in other areas would depend on the availability of alternative feedstocks.

The FTA could lead to an increase in Thai tuna exports, affecting tuna processing in outermost regions, notably Azores and Madeira (see section 3.2.3.2). Here too, the impacts may be limited. The adjustment could reduce production in these regions; as a scale effect, environmental impacts such as water pollution might also decrease.

**SMEs** play a central role in both the EU and Thai economies. SMEs typically face greater difficulty in aligning with more stringent environmental standards than large companies. While the FTA would not directly impose more stringent standards in Thailand, SMEs there could benefit from capacity-building and technology transfer to benefit from the FTA, both economically and in terms of their environmental performance.

This is the case in particular for agriculture. In the Thai sugar sector, smallholders are crucial, as 70% of production takes place on farms of less than 10 hectares[262]. However, small-scale farmers report having fewer alternatives to crop burning despite government measures[263], as sugarcane burning remains a more feasible and economical option compared to mechanical cutting, for which appropriate machinery is needed[264]. For the rice sector, international programmes support the adoption of AWD among smallholders[265], who are particularly exposed to the risks of yield loss, limited

[261] CIRAD (agricultural research for development), Sugarcane, accessed 25 August 2026, https://www.cirad.fr/en/our-activities-our-impact/tropical-value-chains/sugarcane/plant-and-uses.

[262] International Organisation for Migration (IOM) (2023), Policy Brief: Environmental Migration in Thailand, p. 3, accessed 13 March 2026, https://environmentalmigration.iom.int/sites/g/files/tmzbdl1411/files/documents/2023-10/policy-brief-thailand-iom.pdf.

[263] IOM.

[264] Piyawong Punjatewakupt, FFTC Agricultural Policy Platform (2024), *Policy Practices to Mitigate Sugarcane Burning in Thailand,* accessed 23 April 2026, https://ap.fftc.org.tw/article/3596.

[265] Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, *Thailand to Transform Rice Sector with 118 Million Euros Climate-Smart Rice Farming initiative,* accessed 27 August 2026,

capital, inadequate technical knowledge and the additional labour required for water monitoring[266] and need technical and other support[267].

The FTA's TSD chapter is expected to promote the development of **CSR / RBC**, which include environmental governance practices. This is expected to have positive environmental results: for example, companies putting in place CSAR and RBC should establish responsible value-chain management to identify and address environmental risks throughout their supply chains.

As described in the social chapter (section 4.2.4) the implementation of the FTA and its TSD chapter in particular may help leverage existing private RBC initiatives. **Error! Reference source not found.** above identifies key initiatives that address environmental issues. For instance, the environmental analysis highlights sugar as an area of concern: the Bonsucro initiative sets a global production and processing standard for sugarcane, covering GHG emissions, water use, biodiversity. Furthermore, it has an active Thailand program that complements domestic policy goals in the sector. Rice is also a key sector for potential environmental impacts, and the Sustainable Rice Platform has developed its Standard for Sustainable Rice Cultivation and has supported development of the Thai Rice Sustainability Standard, in collaboration with Thailand's Ministry of Agriculture.

In manufacturing and service sectors, the FTA's promotion of CSR / RBC could encourage EU companies investing and operating in Thailand to adopt circular and sustainable practices in line with the national Bio-Circular-Green model (see section 5.2.8).

https://www.thai-german-cooperation.info/news/thailand-to-transform-rice-sector-with-118-million-euros-climate-smart-rice-farming-initiative/.

[266] S. Suwanmaneepong, et al., m, 'Alternate Wetting and Drying as Water-Saving Technology: An Adoption Intention in the Perspective of Good Agricultural Practices (GAP) Suburban Rice Farmers in Thailand' (2023) 15(3) *Water* 402, https://doi.org/10.3390/w15030402.

[267] E. Danaroon, et al., 'Attitudes, and Practices Regarding Alternate Wetting and Drying (AWD) Rice Cultivation among Farmers in Community Enterprise Groups for Large-Scale Agriculture in Suphan Buri Province, Thailand' (2026) 22(1) *International Journal of Agricultural Technology* 89–100, https://doi.org/10.63369/ijat.2026.22.1.89-100.

# 6 Results of human rights analysis

The EU Treaties include human rights considerations as one of the guiding principles for the Union's external activities[268]. The EU also makes clear that its trade policy, in conjunction with other EU policies, supports respect for human rights in non-EU countries[269]. An assessment of the impact of EU trade agreements on human rights has thus become an integral part of the process of establishing and implementing such agreements. This chapter identifies those measures of the FTA under negotiation that may have an impact on human rights, determining whether such impact contributes to the enhanced or impaired enjoyment of specific human rights, and/or strengthens or weakens the ability of the EU and Thailand to fulfil or progressively comply with their human rights obligations.

The team carried out a screening of relevant sections of the FTA texts and potentially affected human rights, in line with the EU guidelines on the analysis of human rights impacts in impact assessments for trade-related policy and Tool #29 of the Better Regulation Toolbox. This exercise also aligns with the method proposed in the recent publication 'Assessing Human Rights Impacts of Trade Agreements', which notes that 'Experience has shown that impact assessments that focus in depth on a clearly defined set of human rights yield more useful results than assessments that try to cover too broad a ground'[270].

The screening reviewed international human rights instruments, as well as EU fundamental rights set out in the Charter, EU and international reports and relevant literature. The baseline section (6.1) presents the findings of the initial screening, focusing on the different rights identified as potentially affected by the FTA. The impact assessment section (6.2) that follows it provides an in-depth analysis of the rights expected to be most affected by the FTA.

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([268]) Treaty of the European Union (TEU), Article 21(1); Treaty on the Functioning of the European Union (TFEU), Article 207(1).

([269]) European Commission: Directorate-General for Trade and Economic Security, 'Human rights', n.d., https://policy.trade.ec.europa.eu/development-and-sustainability/sustainable-development/human-rights_en.

([270]) Dommen, C. and Browne, M., *Assessing Human Rights Impacts of Trade Agreements: Why it matters — and how to do it*, Friedrich-Ebert-Stiftung e. V., 2025, p. 12.

## 6.1 Baseline

EU Member States, the EU itself and Thailand are all parties to a range of international human rights instruments and are thus bound to protect and promote human rights, including when entering into trade agreements. Table 9 presents the core UN human rights treaties and their ratification status by EU Member States and Thailand.

**Table 9: Ratification of core UN human rights treaties by Thailand and EU Member States**

| Core UN human rights treaties | Thailand's ratification status | Ratification status of EU Member States |
|---|---|---|
| International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) | Ratified on 28 January 2003 | Ratified by all EU Member States |
| International Covenant on Economic, Social, and Cultural Rights (ICESCR) | Ratified on 5 September 1999 | Ratified by all EU Member States |
| International Covenant on Civil and Political Rights (ICCPR) | Ratified on 29 October 1996 | Ratified by all EU Member States |
| Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) | Ratified on 9 August 1985 | Ratified by all EU Member States |
| Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) | Ratified on 2 October 2007 | Ratified by all EU Member States |
| Convention on the Rights of the Child (CRC) | Ratified on 27 March 1992;<br>Thailand also ratified Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict (CRC-OP-AC) on 27 February 2006 and Optional Protocol to the Convention on the Rights of the Child on the sale of children, child prostitution and child pornography (CRC-OP-SC) on 11 January 2006 | CRC, CRC-OP-AC and CRC-OP-SC ratified by all EU Member States |
| International Convention on the Rights of Persons with Disabilities (ICRPD) | Ratified on 29 July 2008 | Ratified by all EU Member States and by the EU itself |

| Core UN human rights treaties | Thailand's ratification status | Ratification status of EU Member States |
|---|---|---|
| International Convention for the Protection of All Persons from Enforced Disappearance (ICPED) | Ratified on 14 May 2024 | Ratified by 20 EU Member States[271] |
| International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICRMW) | Not ratified | Not ratified |
| Optional Protocol to the Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (OP-CAT) | Not ratified | Signed by all EU Member States and ratified by 25 EU Member States[272] |

The screening exercise identified a range of rights provided for in these instruments, as well as in other instruments, as potentially impacted by the EU-Thailand FTA (see Annex 8). These are: labour rights, including the prohibition of forced labour and of child labour; the rights of indigenous people (Annex 9, Table 34); the right to privacy (Annex 9, Table 35); the rights to freedom of expression, access to information (Annex 9, Table 37) and the right to public participation (Annex 9, Table 36); the right to join and form trade unions and to collective bargaining; the right to equal treatment and non-discrimination, including persons with disabilities (Annex 9, Table 39, Table 40) and women's rights (Annex 9, 1.2.1, Table 41); the right to an effective remedy; the right to health and to a healthy environment; and the right to an adequate standard of living. These rights are addressed by some of the instruments mentioned in Table 10, as well as in other human rights treaties, as shown in Annex 9: Applicable Human Rights Legal Framework.

The baseline for each of these rights in both the EU and Thailand is described in the following sub-sections.

(271) Austria, Belgium, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden. Not ratified by Bulgaria, Cyprus, Hungary, Ireland, Italy, Latvia and Poland. Estonia has deposited its accession, which enters into force on 12 February 2026.

(272) Belgium and Ireland are signatories but have not yet ratified the OP-CAT.

### 6.1.1 Human rights baseline in the EU

#### 6.1.1.1 Labour rights, including forced labour and child labour

Labour rights, including forced labour and child labour, are highly relevant in the context of the EU-Thailand FTA. As the analysis of these rights overlaps with the broader analysis of labour rights, completed under the social analysis, the baseline is outlined in that chapter (see section 4.1.2) and is not repeated here.

#### 6.1.1.2 Rights of indigenous people

The Sámi people, residing in Norway, Sweden and Finland, are the only indigenous people in the EU[273]. Sweden and Finland both ratified the ICCPR and the ICERD and voted to adopt the UNDRIP. However, when revising the application of the ICERD in these countries, the UN Committee on the Elimination of Racial Discrimination expressed concern over the rights of the Sámi people.

In 2017, the Committee expressed concerns about the power retained by the Finnish government and the Supreme Administrative Court to decide who qualifies as Sámi and who may vote in Sámi Parliament elections, which undermines Sami self-determination. It also believed that Sámi rights to their traditional lands and livelihoods, especially fishing, were not adequately protected, highlighting failures to consult the Sámi Parliament in relation to land-use permits and the Teno River Fishery Agreement, which reduced traditional fishing rights, for example[274]. In 2024, the UN Committee on the Rights of the Child and the UN Committee on Economic, Social and Cultural Rights also found that 'Finland violated the rights of Sámi Indigenous people to culture and land, by granting mineral exploration permits on their territory without an impact assessment or an adequate participation process'[275].

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([273]) EPRS, *At a glance: International Year of Indigenous Languages –Sámi people and languages in the EU*, European Parliament, Publications Office of the European Union, Luxembourg, 2020.

([274]) United Nations Committee on the Elimination of Racial Discrimination, 'Concluding observations on the twenty-third periodic report of Finland', CERD/C/FIN/CO/23, 2017, paras. 14-17.

([275]) UN, 'Finland must respect the rights of Sámi Indigenous people to traditional lands: UN Committees find', Press release, 10 October 2024, https://www.ohchr.org/en/press-releases/2024/10/finland-must-respect-rights-sami-indigenous-people-traditional-lands-un.

In 2025, the UN Committee on the Elimination of Racial Discrimination expressed concern about the structural discrimination faced by ethnic and ethno-religious groups, including the Sámi people, in Sweden[276]. The Committee noted inadequate consultation with the Sámi people in matters affecting them, including by agencies conducting environmental assessment for mining and development projects, as well as in the context of issuing permits for economic and development projects on their lands[277]. It expressed concern over 'reported irreparable damage caused by economic, energy, industrial and natural resource development projects, including mining projects, and the adverse impact on the right of the Sámi people to use and enjoy their traditionally owned lands and natural resources, and to a clean, healthy and sustainable environment'[278].

Although the FTA does not directly address the rights of indigenous people or the root causes behind their implementation challenges, such as structural discrimination, energy and raw materials, areas that were said to be associated with violations of the rights of Sámi people by different UN Committees, are included as a dedicated chapter in the EU textual proposal. Accordingly, the impact assessment looks at whether the provisions for these sectors may impact the rights of the Sámi people.

#### 6.1.1.3 Right to privacy

All EU Member States are parties to the ICCPR, which protects the right to privacy. Articles 7 and 8 of the Charter provide for the right to respect for private and family life and for the protection of personal data. In addition to the Charter, the EU has a strong legal and institutional framework in place for the protection of the right to privacy.

The EU's legal framework for privacy and data protection primarily centres around Regulation (EU) 2016/679 (General Data Protection Regulation, GDPR)[279], which aims to provide individuals with greater control over their personal data and ensure it is

(276) United Nations Committee on the Elimination of Racial Discrimination, *Concluding observations on the combined twenty-fourth and twenty-fifth periodic reports of Sweden*, 2025, para. 18.

(277) Ibid., para. 38.

(278) Ibid.

(279) Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (Text with EEA relevance), OJ L 119, 4.5.2016, pp. 1–88.

processed lawfully, transparently and securely. The GDPR sets out strict rules on data collection, usage, storage and retention, while granting individuals rights such as access, rectification, erasure and data portability. It also governs international data transfers, ensuring that data are only transferred to countries with adequate protection measures. The EU also has specific rules governing data protection in law enforcement, outlined in Directive (EU) 2016/680 (Law Enforcement Directive)[280] and sets standards for data processing by EU institutions through Regulation (EU) 2018/1725[281], ensuring privacy safeguards in their operations. Additionally, Directive 2002/58/EC (ePrivacy Directive)[282] regulates privacy in electronic communications, addressing issues such as cookies and unsolicited marketing. The European Data Protection Board (EDPB) ensures consistent application of the GDPR, while the Digital Services Act[283] and Digital Markets Act[284] introduce new rules to address the evolving digital landscape.

The framework aims to protect privacy while fostering innovation and the free flow of data across the EU. To ensure this high level of protection, the framework – especially the rules of the GDPR – applies to personal data transferred outside the EU to third countries. For such transfers to happen, either specific safeguards must be in place, such as standard contracts or company rules, or the receiving country must provide an equivalent level of protection, as recognised by the European Commission. The compliance of EU acts with EU legislation and the Charter is overseen by the Court of

(280) Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA, OJ L 119, 4.5.2016, pp. 89–131.

(281) Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (Text with EEA relevance), PE/31/2018/REV/1, OJ L 295, 21.11.2018, pp. 39–98.

(282) Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications), OJ L 201, 31.7.2002, pp. 37–47.

(283) Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act) (Text with EEA relevance), OJ L 277, 27.10.2022, pp. 1–102.

(284) Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act), OJ L 265, 12.10.2022.

Justice of the European Union (CJEU), which can invalidate decisions allowing the transfer of personal data from the EU to a non-EU country when it deems that such country does not offer an adequate level of protection[285]. In some cases, data can also be transferred based on the individual's consent or for specific business needs. These rules also apply when EU businesses use digital services from countries outside the EU, ensuring that personal data remains protected. Non-compliance can lead to fines[286], ensuring that businesses remain accountable for safeguarding personal data, no matter where they are processed. This framework is highly relevant for FTA negotiations concerning digital trade.

Despite the strong framework regulating privacy in the EU, challenges in achieving a high level of protection persist. The European Parliament expressed concern over the use of 'dark patterns', i.e. deceptive techniques used by online platforms to manipulate users' behaviour, which make it difficult for users to refuse consent, raising concerns about the legality of some data collection practices[287].

#### 6.1.1.4 Freedom of expression, access to information and right to public participation

The EU adheres to high standards for the protection of the freedom of expression and the rights to access to information and public participation. All EU Member States have ratified the ICCPR, while the Charter recognises the rights to freedom of expression and information (Article 11(1)), freedom and pluralism of the media (Article 11(2)), access to documents (Article 42), the right to vote and stand as a candidate in European and municipal elections (Articles 39 and 40) and the right to have one's affairs handled impartially, fairly and within a reasonable time by the EU institutions, which includes the rights to be heard (Article 41). These rights are not absolute and may be subject to limitations, provided that strict conditions are met.

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([285]) CJEU, Case C-311/18, *Data Protection Commissioner v Facebook Ireland Ltd, Maximillian Schrems*, 16 July 2020.

([286]) In 2023, the EDPB imposed a EUR 1.2 billion fine on Facebook for Meta's transfers of personal data to the US on the basis of standard contractual clauses (EDPB, '1.2 billion euro fine for Facebook as a result of EDPB binding decision', News article, 22 May 2023, https://www.edpb.europa.eu/news/news/2023/12-billion-euro-fine-facebook-result-edpb-binding-decision_en).

([287]) European Parliament, *At a Glance: Regulating dark patterns in the EU: Towards digital fairness*, Publications Office of the European Union, Luxembourg, 2025, https://www.europarl.europa.eu/RegData/etudes/ATAG/2025/767191/EPRS_ATA(2025)767191_EN.pdf.

These fundamental rights are implemented and complemented through EU secondary legislation. Media freedom plays a central role, as it is linked to the freedom to provide services within the internal market. The CJEU has reiterated the importance of media pluralism, not only for the free movement of services across the EU but also in order to ensure pluralism in views. . Directive 2010/13/EU (Audiovisual Media Services Directive)[288] aims to erase barriers to the free flow of services and provides for the protection of public interest objectives, such as requiring Member States to prohibit hate speech and content harmful to minors in audiovisual media. More recently, the EU has adopted the European Media Freedom Act[289], which includes safeguards for editorial independence and protection of journalistic sources and requirements to ensure the independent functioning of public service media and enhanced transparency of media ownership.

The Artificial Intelligence Act (AI Act) [290] and the Digital Services Act[291] introduced new obligations to address disinformation spread online. These instruments require the assessment and mitigation of potential negative impacts on fundamental rights, including freedom of expression.

Regulation (EC) 1049/2001[292] lays down the rules governing access to documents of the EU institutions. All Union citizens have a right of access and the grounds for refusal are narrowly defined.

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([288]) Directive 2010/13/EU of the European Parliament and of the Council of 10 March 2010 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the provision of audiovisual media services (Audiovisual Media Services Directive), OJ L 95, 15.4.2010, pp. 1–24.

([289]) Regulation (EU) 2024/1083 of the European Parliament and of the Council of 11 April 2024 establishing a common framework for media services in the internal market and amending Directive 2010/13/EU (European Media Freedom Act), OJ L, 2024/1083, 17.4.2024.

([290]) Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act), OJ L, 2024/1689, 12.7.2024.

([291]) Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on the single market of digital services and amending Directive 2000/31/EC EC, OJ L 277, 27.10.2022, pp. 1–102.

([292]) Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents, OJ L 145, 31.5.2001, pp. 43–48.

Public participation is supported through Directive (EU) 2024/1069) introducing safeguards against manifestly unfounded or abusive court proceedings in civil matters with cross-border implications[293]. It aims to address the growing number of strategic lawsuits against public participation (SLAPPs) targeting journalists, NGOs, academics and civil society actors engaged in public debate within the Union.

Despite this extensive legal framework, concerns about freedom of expression, threats to democratic processes and pressure on civil society organisations persist in a number of Member States[294]. During 2024, online platforms were used in several contexts to manipulate electoral processes, including through the dissemination of disinformation in support of specific candidates, as observed in elections in France, Germany and Italy, as well as Romania[295]. The Organization for Security and Co-operation in Europe (OSCE)'s final report on the European elections confirms that efforts to counter online disinformation, including the use of AI and deepfake technologies on major platforms, remain insufficient[296].

These trends are reflected in the findings of the Media Pluralism Monitor, which assesses risks to media freedom and pluralism across EU Member States. The 2025 assessment highlights a deterioration in working conditions for journalists in several countries, including increased physical violence during protests, heightened online harassment and smear campaigns by political actors. It also points to growing risks linked to media ownership concentration and the dominance of a limited number of digital platforms, alongside severe economic pressures affecting the media sector, which may increase vulnerability to political influence[297].

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([293]) Directive (EU) 2024/1069 of the European Parliament and of the Council of 11 April 2024 on protecting persons who engage in public participation from manifestly unfounded claims or abusive court proceedings ('Strategic lawsuits against public participation'), OJ L, 2024/1069, 16.4.2024.

([294]) European Parliament, 'Parliament calls for action against the erosion of EU values in Member States', Press release, 28 February 2024, https://www.europarl.europa.eu/news/en/press-room/20240223IPR18084/parliament-calls-for-action-against-the-erosion-of-eu-values-in-member-states.

([295]) FRA, *Fundamental Rights Report*, 2025, p. 34, https://fra.europa.eu/sites/default/files/fra_uploads/fra-2025-fundamental-rights-report-2025_en.pdf.

([296]) OSCE, *European Parliament Elections 6-9 June 2024,* 2024, https://odihr.osce.org/odihr/elections/eu/581764.

([297]) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, 2025 Rule of Law Report: The rule of law situation in the European Union, p.24, 0f7b852b-6b8a-4e21-8579-69db5386c6a2_en.

While the FTA does not directly address the rights to freedom of expression, access to information and public participation, these rights are to be ensured for the implementation of good regulatory practices and transparency requirements in both the EU and Thailand.

#### 6.1.1.5 Right to join and form trade unions and to collective bargaining

The FTA is expected to impact the right to join and form trade unions and to collective bargaining. The assessment of potential impacts is detailed in the social analysis (see section 4.1.3) and is not repeated here.

#### 6.1.1.6 Right to equal treatment and non-discrimination, including persons with disabilities and women's rights

All EU Member States have ratified the main UN human rights treaties protecting equal treatment and non-discrimination. Instruments such as ICERD, ICCPR and ICESCR guarantee equality before the law and require states to take measures to eliminate barriers that prevent full participation in society. The CRPD specifically protects persons with disabilities, obliging states to ensure equal access to education, employment and public services and to remove physical, social and institutional obstacles that limit their inclusion. The EU itself, as well as all 27 Member States, has ratified the CRPD, reinforcing the Union's binding commitment to uphold disability rights across its legislation, policies and implementation strategies. CEDAW and ICESCR safeguard women's rights by calling on states to address structural inequalities, including within the labour market, education and public life. These obligations are reinforced by additional protections under the European Convention on Human Rights (ECHR) and ILO conventions, particularly with regard to employment and social rights.

The EU provides a comprehensive framework for the protection of the right to equal treatment and non-discrimination with specific safeguards for persons with disabilities and women. The Charter codifies these principles, guaranteeing that 'everyone is equal before the law' (Article 20), prohibiting discrimination on a wide range of grounds, including disability and sex (Article 21) and ensuring 'equality between women and men in all areas, including employment, work and pay' (Article 23). By codifying these rights at EU level, the Charter establishes a binding standard for legislation and policy, directing Member States to implement measures that remove barriers, promote inclusion and ensure equal opportunities for all.

Building on these fundamental principles, the EU has adopted a range of directives that provide more detailed protections to ensure equal treatment. For general non-

discrimination, Directive 2000/43/EC (Race and Ethnicity Equality Directive)[298] prohibits discrimination on the basis of racial or ethnic origin, while Directive 2000/78/EC (Equality Directive)[299] establishes a framework for equal treatment in employment and occupation, covering grounds such as religion, disability, age and sexual orientation. The European Accessibility Act[300] establishes mandatory accessibility standards for goods, services and the built environment, removing barriers that would otherwise prevent persons with disabilities from enjoying the same rights and opportunities as others. Women's rights are reinforced through Directive 2006/54/EC (Equal Treatment Directive)[301], which ensures equal treatment in employment and working conditions, and Directive 2019/1158[302] (Work-Life Balance Directive), which addresses barriers to equal participation in the labour market and supports the reconciliation of professional and family responsibilities.

The EU has developed an additional range of policies and strategies to support the effective implementation of non-discrimination and equal treatment. The Gender Equality Strategy 2020-2025[303] and the EU Disability Rights Strategy 2021-2030[304] establish objectives and actions to eliminate structural impediments, promote inclusion in employment, education and public life and support the realisation of equality in practice.

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([298]) Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, OJ L 180, 19.7.2000, p. 22.

([299]) Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, OJ L 303, 2.12.2000, p. 16.

([300]) Directive (EU) 2019/882 of the European Parliament and of the Council of 17 April 2019 on the accessibility requirements for products and services (European Accessibility Act), OJ L 151, 7.6.2019, p. 70.

([301]) Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, OJ L 204, 26.7.2006, p. 23.

([302]) Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work–life balance for parents and carers, OJ L 188, 12.7.2019, p. 79.

([303]) European Commission, 'Gender Equality Strategy 2020–2025', COM(2020) 152 final, 5 March 2020, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52020DC0152.

([304]) European Commission, 'EU Disability Rights Strategy 2021–2030', COM(2021) 101 final, 3 March 2021, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0101.

Significant challenges exist in ensuring full respect for the right to equal treatment and non-discrimination. Labour market participation rates for persons with disabilities remain substantially lower than for the general population, with evidence indicating that restricted access to employment persists as a core issue that undermines social inclusion and economic autonomy[305]. Accessibility gaps, limited availability of reasonable accommodation and uneven implementation of anti-discrimination measures across Member States are just some of the barriers that enhance disparities between formal legal guarantees and their practical application. Similar implementation and enforcement gaps can be observed in relation to women's rights. Gender-based violence remains a persistent and widespread violation of fundamental rights, while inequalities in labour market participation, pay and access to decision-making positions continue to affect women's economic autonomy.

Overall, the EU has established a comprehensive legal and policy framework to promote equal treatment and non-discrimination. Persistent gaps in implementation that particularly affect vulnerable groups highlight the importance of ensuring that the EU-Thailand FTA reflects and reinforces non-discrimination principles in trade and investment provisions.

#### 6.1.1.7 Right to an effective remedy

In the EU, access to justice and effective remedies are recognised as fundamental rights. Following the Treaty of Lisbon[306], the right to an effective remedy became legally binding and operates alongside general EU law principles. This right is enshrined in both Article 47 of the Charter and Article 19(1) of the TEU (Annex 9, Table 42). These provisions ensure effective judicial protection for individuals, including access to independent and impartial tribunals established by law, as well as procedural guarantees governing access to justice and the substantive examination of disputes.

The right to an effective remedy is reflected in the ECHR, whose Articles 6 and 13 address the right to a fair trial and the right to effective remedy at national level, respectively. The connection between these provisions, the general principles of EU law and Article 47 of the Charter is expressly clarified in CJEU case-law. In *Alassini,* the

(305) Smith, J.H., *Disability rights and the EU labour market: An analysis of legislation and policy*, ResearchGate, 2018, https://www.researchgate.net/publication/324933652_Disability_Rights_and_the_EU_Labour_Market_An_Analysis_of_Legislation_and_Policy.

(306) Treaty of Lisbon amending the Treaty on European Union and the Treaty establishing the European Community, signed at Lisbon, 13 December 2007, OJ C 306, 17.12.2007, pp. 1–271.

Court recalled that 'it should be borne in mind that the principle of effective judicial protection is a general principle of EU law stemming from the constitutional traditions common to the Member States, which has been enshrined in Articles 6 and 13 of the ECHR and which has also been reaffirmed by Article 47 of the Charter of Fundamental Rights of the European Union'[307].

In practice, the right to an effective remedy is implemented primarily through national judicial systems, which play a central role in ensuring the enforcement of rights derived from EU law. Member States must ensure that there are judicial and administrative review mechanisms in place to provide effective legal protection in the fields covered by EU law. The functioning of these national justice systems is subject to regular monitoring at EU level to assess their effectiveness and compliance with applicable standards.

Recent findings from the EU Justice Scoreboard[308], published by the European Commission, indicate that although legal and institutional frameworks are generally well developed across Member States, significant differences persist in the efficiency, accessibility and practical operation of justice systems. Similarly, factors such as the cost and length of proceedings, language barriers in cross-border cases and concerns about retaliation can deter individuals and economic operators from pursuing complaints, particularly among workers, consumers, and SMEs[309]. These challenges may impact the right to access remedies for persons who would be impacted by the FTA.

([307]) CJEU, Joined Cases C-317/08 to C-320/08, *Alassini and Others v Telecom Italia*, EU:C:2010:146, para. 61.

([308]) European Commission, *The 2025 EU Justice Scoreboard*, Publications Office of the European Union, Luxembourg, 2025, https://op.europa.eu/en/publication-detail/-/publication/94efbc36-71af-11f0-bf4e-01aa75ed71a1/language-en.

([309]) FRA, *Business and human rights – access to remedy*, Publications Office of the European Union, Luxembourg, 2020, https://fra.europa.eu/sites/default/files/fra_uploads/fra-2020-business-human-rights_en.pdf.

#### 6.1.1.8 Right to health and to a healthy environment

### Right to health

All EU Member States have ratified the ICESCR, which recognises the right of everyone to the enjoyment of the highest attainable standard of physical and mental health. According to the Charter, a high level of human health protection shall be integrated in all Union policies[310] (Annex 9, Table 43). While the provision of healthcare is primarily a Member State competence, Member States are encouraged to cooperate and share best practices.

### Right to a healthy environment

According to Article 37 of the Charter, a high level of environmental protection shall be integrated into all Union policies[311]. The EU promotes sustainable development and is a party to all major international environmental agreements setting ambitious environmental goals[312]. It also has an ambitious biodiversity strategy in place for 2030[313] and relevant secondary legislation, such as Directive 92/43/EEC (Habitats Directive)[314] and Directive 2009/147/EC (Birds Directive)[315] (Annex 9, Table 44).

(310) The Charter, Article 35; TFEU, Articles 9, 114(3) and 168(1).

(311) The Charter Article 37; TFEU, Articles 11 and 114(3).

(312) European Commission: Directorate-General for Environment, 'Multilateral Environmental Agreements (MEAs) – Environment', n.d., https://environment.ec.europa.eu/international-cooperation/multilateral-environmental-agreements-meas_en.

(313) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, EU Biodiversity Strategy for 2030, COM(2020) 380 final.

(314) Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora, OJ L 206, 22.7.1992, pp. 7–50.

(315) Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds, (OJ L 20, 26.1.2010, pp. 7–25.

The EU adheres to strict food safety standards. The Vision for Agriculture and Food[316] aims to ensure the sustainability of food systems by supporting the implementation and enforcement of the TSD and sustainable food systems chapters of FTAs with more targeted and operational country-specific priorities and actions.

#### 6.1.1.9 Right to an adequate standard of living

All EU Member States have ratified the main UN human rights treaties recognising the right to an adequate standard of living (ICESCR, CRC, CEDAW and CRPD) (see section 6.1). While many EU countries have ratified the European Social Charter of the Council of Europe (or its 1996 revised version), some have only ratified parts of it, or made reservations to specific provisions. Nevertheless, the Charter provides similar protection and is binding on all Member States in the implementation of EU law (Annex 9, Table 46). Under Article 34, the EU recognises and respects the right to social and housing assistance to ensure a dignified standard of living for individuals who lack adequate resources, in accordance with Union law and national laws and practices.

While housing policy remains largely a national responsibility, the EU plays a supporting role through its internal market, social, cohesion and environmental policies. Initiatives such as the 2017 European Pillar of Social Rights[317] and the 2020 Renovation Wave Strategy[318] aim to address homelessness and promote access to affordable, decent housing. Additional EU measures focus on state aid, housing finance, short-term rentals and supporting the construction sector. In its Political Guidelines for 2024–2029[319], presented in July 2024, the European Commission identified the housing crisis as a key

(316) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Vision for Agriculture and Food, COM/2020/381 final.

(317) Notices from European Union Institutions, Bodies, Offices and Agencies, European Parliament, Council, European Commission, Interinstitutional Proclamation on the European Pillar of Social Rights (2017/C 428/09), https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017C1213(01).

(318) European Commission, 'Renovation Wave: doubling the renovation rate to cut emissions, boost recovery and reduce energy poverty', Press release, 14 October 2020, https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1835.

(319) von der Leyen, U., Candidate for the European Commission President, 'Europe's Choice, Political Guidelines for the Next European Commission 2024−2029', 18 July 2024, https://commission.europa.eu/document/download/e6cd4328-673c-4e7a-8683-f63ffb2cf648_en.

priority and set out planned actions. The development of the first-ever European Affordable Housing Plan[320] was published in December 2025.

Other initiatives for combating homelessness, poverty and social exlusion include the 2021 Lisbon Declaration on Combating Homelessness[321], the 2021 EU Strategy on the Rights of the Child[322], the 2021 Council Recommendation establishing the European Child Guarantee[323] and the EU's first Anti-Poverty Strategy, which is expected to be published in 2026[324].

These initiatives have been put forward to address persisting issues in the EU. According to Eurostat, in 2024, 93.3 million people in the EU (representing 21.0% of the population, i.e. more than one in five EU residents) were at risk of poverty or social exclusion, meaning that they lived in households facing at least one of three challenges: risk of poverty, severe material and social deprivation, or very low work intensity. Compared to 2023, the situation had improved slightly, with a decrease of 0.3 pp (down from 21.3%, or 94.6 million people)[325]. The EU strives to reduce the number of people

(320) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, The European Affordable Housing Plan, Strasbourg, 16.12.2025, COM(2025) 1025 final, https://housing.ec.europa.eu/document/download/756915b5-d1b1-4bde-ac82-03532d2d3d90_en?filename=0.pdf.

(321) Lisbon Declaration on the European Platform on Combating Homelessness, 21 June 2021, https://ec.europa.eu/social/BlobServlet?docId=24120&langId=en.

(322) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, EU strategy on the rights of the child, COM/2021/142 final, https://commission.europa.eu/document/download/3f5b8720-5e4e-49a6-9660-795efff97842_en.

(323) Council Recommendation (EU) 2021/1004 of 14 June 2021 establishing a European Child Guarantee, ST/9106/2021/INIT, OJ L 223, 22.6.2021, pp. 14–23, https://eur-lex.europa.eu/eli/reco/2021/1004/oj/eng.

(324) European Commission, ‘First EU Anti-Poverty Strategy enters public consultation phase’, Press release, 28 July 2025, https://employment-social-affairs.ec.europa.eu/news/first-eu-anti-poverty-strategy-enters-public-consultation-phase-2025-07-28_en.

(325) Eurostat, ‘People at risk of poverty or social exclusion in 2024’, n.d., https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20250430-2; Eurostat, ‘Income and living conditions database’, n.d., https://ec.europa.eu/eurostat/web/income-and-living-conditions/database?node_code=ilc_pe.

at risk of poverty by at least 15 million by 2030, including lifting five million children out of poverty.

Data show that since 2015, house prices in the EU have risen by an average of up to 60%, with some Member States experiencing increases of more than 200%. Rent and energy costs have also continued to grow, while household incomes have failed to keep pace. As a result, many Europeans are struggling to afford housing. Although the impact varies across countries and regions, the scale of the crisis makes it a common challenge across the EU. On average, housing now accounts for nearly 20% of the average EU household income. Around 1 in 10 people cannot pay their rent or mortgage on time, and in major cities, 1 in 10 residents spends more than 40% of their income on housing[326].

Trade can impact the right to an adequate standard of living by supporting lower consumer prices and increasing incomes.

## 6.1.2 Human rights baseline in Thailand

### 6.1.2.1 Labour rights, including forced labour and child labour

Labour rights, including forced labour and child labour, are highly relevant to the EU-Thailand FTA. As the analysis overlaps with the broader analysis of labour rights completed under the social analysis (see section 4.1.5), the baseline in Thailand will not be repeated here.

### 6.1.2.2 Rights of ethnic groups

According to the International Work Group for Indigenous Affairs (IWGIA), ethnic groups in Thailand represent an estimated almost 10% of the total population of the country[327].

Thailand is a party to the ICCPR and the ICERD and voted in favour of the adoption of the UNDRIP. At national level, a draft act on the protection and promotion of the way of

(326) European Council, Council of the European Union, 'The EU's housing crisis', n.d., https://www.consilium.europa.eu/en/policies/housing-crisis/.

(327) IWGIA, 'The Indigenous World 2025: Thailand', IWGIA website, 25 April 2025, accessed 29 June 2026, https://iwgia.org/en/thailand/5678-iw-2025-thailand.html.

life of ethnic groups is under discussion[328]. Nevertheless, concerns remain about the rights of ethnic groups in Thailand. In a 2015 judgment, Thailand's Supreme Court[329] awarded compensation to a group of indigenous people under their constitutional right to utilise, manage and conserve the environment, ordering the defendant, a mining company operating a factory that led to the lead contamination of water, to undertake restoration.

The United Nations Human Rights Committee has expressed concern over discrimination against persons belonging to ethnic communities in Thailand, including with regard to land rights, noting that several communities were reportedly evicted from their lands[330]. According to the United Nations Committee on the Elimination of Racial Discrimination, evictions take place due to forestry and environment-related laws and regulations[331]. The Minority Rights Group stated that the 2014 Return Forest Policy Decree and conservation master plan that sought to 'reclaim' forests from encroachment cast ethnic groups as trespassing on protected lands. In a number of cases, land has been confiscated and its residents threatened with imprisonment or fines[332]. Similarly, the IWGIA noted that after passage of the Royal Decree on Protected Areas in 2024, ethnic groups protested, as the new rules were seen to violate and restrict the rights of indigenous communities to reside in and use forest resources[333].

The Committee on the Elimination of Racial Discrimination has expressed concern over repressive measures taken against human rights defenders advocating for land rights

(328) Ibid.

(329) Supreme Court Judgment No. 15219/2558 (2015).

(330) United Nations Human Rights Committee, 'Concluding observations on the second periodic report of Thailand', CCPR/C/THA/CO/2, 2017, paras. 43-44.

(331) United Nations Committee on the Elimination of Racial Discrimination, 'Concluding observations on the combined fourth to eighth reports of Thailand', CERD/C/THA/CO/4-8, 2022, para. 27.

(332) Minority Rights Group, 'Highland indigenous peoples in Thailand', Minority Rights Group website, August 2017, accessed 29 June 2026, https://minorityrights.org/communities/highland-indigenous-peoples/.

(333) IWGIA, *The Indigenous World 2025: Thailand*, IWGIA website, 25 April 2025, accessed 29 June 2026, https://iwgia.org/en/thailand/5678-iw-2025-thailand.html.

and the rights of ethnic groups[334] and more generally over the lack of protection of the collective property of indigenous peoples[335].

Although the FTA does not directly address the rights of ethnic groups, the EU text proposal for the TSD chapter refers to the conservation of forests, which, in Thailand, is an area that may affect their rights.

#### 6.1.2.3 Right to privacy

At international level, Thailand is a party to the ICCPR, which protects the right to privacy. Nationally, privacy and data protection are primarily governed by the Personal Data Protection Act (PDPA) B.E. 2562 (2019), which regulates the collection, use and disclosure of personal data, aiming to protect individuals' privacy while enabling businesses to handle data responsibly. Under the PDPA, organisations must obtain explicit consent from individuals before collecting or processing their personal data, except in certain circumstances, such as when required for contractual obligations or legal compliance. Individuals are granted rights similar to those under the GDPR, including the rights to access, rectification and deletion of their personal data. The law obliges data controllers and processors to ensure data security, appoint data protection officers (DPOs) in some cases, and conduct impact assessments for high-risk data processing activities. The PDPA also restricts the transfer of personal data to countries that do not provide adequate data protection, although transfers may be permitted with the data subject's consent or through contractual safeguards. Enforcement of the PDPA is overseen by the Personal Data Protection Committee (PDPC) and violations can result in significant penalties, with fines of up to THB 5 million (approx. EUR 133,000) for serious breaches[336]. The PDPA aligns Thailand's data protection framework with international standards, ensuring robust privacy protections while allowing businesses to engage in cross-border data activities. Despite this, the EU has not yet recognised Thailand as a country providing an adequate level of data protection[337]. According to recent decisions of the PDPC, enforcement issues in the application of the Thai data

(334) United Nations Committee on the Elimination of Racial Discrimination, 'Concluding observations on the combined fourth to eighth reports of Thailand', CERD/C/THA/CO/4-8, 2022, paras. 21-22.

(335) Ibid., paras. 27-28.

(336) PDPA, Part II, Administrative Liability.

(337) European Commission, 'Adequacy decisions', n.d., https://commission.europa.eu/law/law-topic/data-protection/international-dimension-data-protection/adequacy-decisions_en.

protection framework include inadequate security measures, failure to report data breaches and lack of oversight of data processors[338].

#### 6.1.2.4 Freedom of expression, access to information and right to public participation

Thailand is a party to the ICCPR and its 2017 Constitution recognises a range of fundamental rights, including freedom of expression (section 34), freedom of the media (section 35), liberty of communication (section 36), access to public information (section 41), the right to peaceful assembly (section 44), and freedom to form a political party (section 45). It also establishes a duty for the state to manage frequencies and satellite orbits in the public interest (section 60)[339]. However, these constitutional rights can be heavily restricted.

The UN raised significant concerns about the effective enjoyment of freedom of expression, access to information and public participation under the Interim Constitution of 2014 and the restrictions imposed under section 44, as well as other acts such as the Criminal Code, the Computer Crimes Act (2007) and Order 3/2015[340]. Challenges include restrictions on internet freedom, pressure on journalists and limitations on political activity, including arrests, surveillance, harassment and impunity for crimes committed against human rights defenders.

The Constitution of 2017 replaced the Interim Constitution of 2014. However, the Thai authorities have retained a number of laws adopted during the 2014–2019 military junta period that continue to restrict free and independent media[341]. These include criminal defamation provisions and the expanded Computer Crimes Act, which grants broad powers to restrict online expression, impose censorship and conduct surveillance, and allows the enforcement of *lèse-majesté* provisions in the digital sphere. Sections 44, 47, and 48 of the Interim Constitution remain legally intact by virtue of sections 265 and 279

(338) Hogan Lovells, 'Thailand ramps up data protection enforcement', News, 11 August 2025, https://www.hoganlovells.com/en/publications/thailand-ramps-up-data-protection-enforcement.

(339) Constitution of the Kingdom of Thailand, B.E. 2560 (official translation), 2017, https://en.admincourt.go.th/Laws-and-Rules-en/Laws-en/29fe3720-991a-11f0-ac78-3e879acfe27a.

(340) United Nations Human Rights Committee, 'Concluding observations on the second periodic report of Thailand', CCPR/C/THA/CO/2, 2017, paras. 35-36, 39-40.

(341) Freedom House, 'Freedom in the World 2025: Thailand', 2025, https://freedomhouse.org/country/thailand/freedom-world/2025.

of the 2017 Constitution[342]. Individuals perceived as critics of the government, the military or the monarchy continue to face a high risk of surveillance, arrest, detention, harassment or disinformation campaigns and physical attacks[343]. In recent years, hundreds of individuals have been charged with speech-related offences, including *lèse-majesté*, sedition and violations of the Computer Crime Act, often facing multiple prosecutions[344]. Representatives from both Thai and international NGOs, academics and social partners reported that Thailand remains a highly restrictive environment for freedom of speech, expression and assembly, particularly for activists, human rights defenders, community groups, civil society and journalists. A Thai civil society stakeholder raised concerns that Thailand's telecommunications sector remains relatively concentrated and dominated by a small number of major domestic firms.

An international civil society stakeholder stated that since 2020, almost 2,000 individuals, mainly key activists, influential journalists and political figures, have been prosecuted for exercising their rights to political expression and assembly. They mentioned the example of February and March 2026, when Thailand's Minister of Natural Resources and Environment, Suchart Chomklin, filed criminal defamation charges under sections 326 and 328 of the Thai Criminal Code against two *Isaan Record* journalists in relation to Facebook posts reporting and citing a Department of Special Investigation (DSI) probe into alleged labour exploitation and corruption involving Thai officials and a Finnish berry-picking scheme[345].

Further concerns were raised by a Thai civil society stakeholder and an international civil society stakeholder on defamation actions brought by the government to protect state-linked business interests. During the COVID-19 pandemic, Thai authorities used

(342) United Nations Human Rights Committee**,** 'Information received from Thailand on follow-up to the concluding observations', CCPR/C/THA/CO/2/Add.1, 2018.

(343) Office of the High Commissioner of Human Rights (OHCHR), 'Thailand: UN experts alarmed by renewed harassment and intimidation of human rights defenders Angkhana Neelapaijit and Sunai Phasuk', Press release 11 November 2025, https://www.ohchr.org/en/press-releases/2025/11/thailand-un-experts-alarmed-renewed-harassment-and-intimidation-human-rights.

(344) In January 2024, democracy activist Mongkhon Thirakot received an extended sentence of 50 years' imprisonment for *lèse-majesté* offences related to social media posts. In April 2024, human rights lawyer and activist Arnon Nampa received an additional prison sentence, bringing his total sentence to over 10 years, while still facing further pending cases ( Freedom House, 'Freedom in the World 2025: Thailand', 2025, https://freedomhouse.org/country/thailand/freedom-world/2025).

(345) Human Rights Watch, 'Thailand: Journalists sued for reporting minister's bribery case', News article, 9 April 2026, https://www.hrw.org/news/2026/04/09/thailand-journalists-sued-for-reporting-ministers-bribery-case.

section 112 (*lèse-majesté*) and the Computer Crimes Act to prosecute individuals who criticised the government's vaccine procurement policy, particularly its reliance on Siam Bioscience, to produce the AstraZeneca vaccine[346].

Overall, these inputs highlighted that Thailand has some anti-SLAPP provisions in place but these are discretionary, inconsistently applied and contain many gaps, and have proven very ineffective in practice.

Freedom of assembly is restricted, particularly in relation to politically sensitive issues. Certain NGOs, including those advocating republican views, remain prohibited[347]. Findings from the UN and civil society organisations generally indicate ongoing significant violations of freedom of expression and public participation in Thailand, corroborated by stakeholders from NGOs, academia and social partners.

The FTA does not include in its scope the rights to freedom of expression, access to information and to public participation; however, these rights should be ensured as part of good regulatory practices and transparency requirements in the EU and in Thailand.

#### 6.1.2.5 Right to join and form trade unions and to collective bargaining

While the FTA is expected to impact the right to join and form trade unions and to collective bargaining, the assessment of potential impacts overlaps with the social analysis (see section 4.1.6) and is not repeated here.

#### 6.1.2.6 Right to equal treatment and non-discrimination, including persons with disabilities and women's rights

Thailand has ratified key international human rights instruments, including ICERD, ICCPR, ICESCR, CEDAW and CRPD, which establish global standards for equality and non-discrimination that guide domestic law. At national level, section 27 of the Thai Constitution expressly provides that 'all persons are equal before the law and shall

(346) Tanakasempipat, P. and Thepgumpanat, P., 'Thai government files royal insult complaint after criticism of its vaccine strategy', Reuters, 20 January 2021, https://www.reuters.com/world/asia-pacific/thai-govt-files-royal-insult-complaint-after-criticism-its-vaccine-strategy-2021-01-20/.

(347) Freedom House, 'Freedom in the World 2025: Thailand', 2025, https://freedomhouse.org/country/thailand/freedom-world/2025.

enjoy equal protection under the law' and prohibits unjust discrimination on a range of grounds, including sex[348].

The Gender Equality Act B.E. 2558[349] targets both direct and indirect gender discrimination across employment, education and public life and establishes institutional mechanisms to monitor compliance and redress violations. Strategic policy frameworks such as the Women's Development Strategy and the Gender Equality Promotion Action Plan 2023-2027[350] set out measures to reduce gender gaps, combat gender-based violence and enhance women's participation in economic and decision-making spheres. Despite these measures, significant challenges are evident. The CEDAW Committee's 2025 concluding observations highlight persistent issues such as underrepresentation of women in the judiciary, labour market inequality and barriers to justice, particularly for women from ethnic minorities[351].

The Persons with Disabilities Empowerment Act B.E. 2550 (2007)[352] establishes the legal framework for equality by prohibiting discrimination in education, employment and access to public services and by mandating reasonable accommodation and barrier removal in infrastructure and institutional practices. Despite Thailand's ratification of the CRPD, harmonisation of laws remains incomplete due to limited institutional capacity, contributing to gaps in implementation of the principle of equal treatment[353]. These gaps highlight the importance of ensuring that the EU-Thailand FTA reflects and reinforces non-discrimination principles in its trade and investment provisions.

(348) Constitution of the Kingdom of Thailand B.E. 2560 (2017), section 27.

(349) Gender Equality Act B.E. 2558 (2015), Royal Thai Government Gazette.

(350) Office of the Permanent Secretary, Ministry of Social Development and Human Security, 'Women's Development Strategy and Gender Equality Promotion Action Plan 2023–2027', 2023.

(351) CEDAW Committee, *Concluding observations on the eighth periodic report of Thailand*, CEDAW/C/THA/CO/8, OHCHR, 10 July 2025.

(352) Persons With Disabilities Empowerment Act B.E. 2550 (2007), Royal Thai Government Gazette.

(353) UN Economic and Social Commission for Asia and the Pacific (UN ESCAP), 'Harmonisation of national laws with the CRPD: Thailand case study', UN ESCAP website, 2023, accessed 29 June 2026, https://www.unescap.org/sites/default/d8files/2023-07/ESCAP-2023-RP-Harmonization-National-Laws-Convention-Rights-Person-Disability-thailand-Case-study.pdf

#### 6.1.2.7 Right to an effective remedy

In Thailand, the right to an effective remedy is enshrined in the nation's constitutional and legal framework, as well as in its international human rights obligations, including the ICCPR. The Constitution guarantees that individuals whose rights or liberties are violated have the ability to seek judicial redress and access remedies, including procedural protections such as fair and timely trials, legal assistance and equitable treatment in legal proceedings[354]. This constitutional guarantee is complemented by civil and criminal procedures, administrative litigation and sector-specific laws to address rights violations.

For example, the Act on Prevention and Suppression of Torture and Enforced Disappearance (2019)[355] provides a model framework for addressing serious human rights violations, establishing mechanisms for investigation and enabling victims to obtain remedies and reparation. At institutional level, the National Human Rights Commission of Thailand monitors compliance with international and national standards and advises on the effectiveness of the mechanisms[356].

In practice, the IOM highlights that access to effective remedies in Thailand is constrained by procedural and structural obstacles, such as lengthy and costly judicial proceedings, limited awareness of legal avenues and fears of retaliation that can discourage individuals from pursuing claims[357]. Further research shows that many workers, especially those in informal supply chains, do not pursue remedies even when rights violations occur, due to distrust of police and courts and the absence of known successful outcomes[358]. These factors indicate that while formal legal rights exist, the realisation of effective remedies for vulnerable groups remains uneven and may affect their right to access remedies should the FTA lead to negative consequences.

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([354]) Constitution of the Kingdom of Thailand B.E. 2560 (2017), sections 25 and 40.

([355]) Act on Prevention and Suppression of Torture and Enforced Disappearance B.E. 2562 (2019).

([356]) National Human Rights Commission of Thailand, *Mandate and Activities*, (https://www.nhrc.or.th/en/international-human-rights).

([357]) See, for instance, IOM, “Business Guidebook: how to mediate employment disputes under Thai Labour law’, 2021, https://mitrthai.com/employers/wp-content/uploads/2021/07/Business-Guidebook-How-to-Mediate-Employment-Disputes.pdf

([358]) Global Alliance Against traffic in women (Heinrich Boll Stiftung), “Access to justice from the perspectives of Cambodian migrant workers in Thailand, 2017, https://kh.boell.org/sites/default/files/access_unknown.pdf

Stakeholders highlighted elements pointing to vulnerabilities of the right to an effective remedy. A Thai civil society stakeholder noted that government officials can engage in forum shopping by initiating proceedings, particularly criminal defamation cases, in provinces far from defendants and where they hold significant political influence. An international social partner reported that workers in the fishing industry distrust reporting mechanisms and fear retaliation, including blacklisting, deportation, arrest, physical violence or even death at sea should they report labour rights violations.

#### *6.1.2.8* Right to health and to a healthy environment

Thailand has ratified the ICESCR and Thailand's Constitution recognises the right to receive public health services provided by the state, including the right of indigent people to receive public health services provided by the state free of charge as provided by law (section 47). It sets out the state's duty to ensure that the people receive efficient public health services universally and to continuously improve the standard and quality of public health services (section 55). This includes promotion, control and prevention of diseases, medical treatment and rehabilitation.

On the right to a healthy environment, section 57 of the Constitution provides that the state shall conserve, protect, maintain, restore, manage and use or arrange for utilisation of natural resources, environment and biodiversity in a balanced and sustainable manner, provided that the relevant local people and local community shall be allowed to participate in and obtain the benefit from such undertaking as provided by law. Section 58 provides for the state's duty to undertake EIA in the case of undertakings that may severely affect the natural resources, environmental quality, health, sanitation, quality of life or any other essential interests of the people or community or environment. The potential impacts of the FTA on water and air quality are described in the environmental analysis (section 5) and are not repeated here.

### Accessibility and quality of healthcare services

The accessibility and quality of healthcare services continue to be a major concern across South and South-East Asia, affecting patient trust and overall health outcomes[359]. In 2021, Thailand allocated 3.18% of its GDP to healthcare, even though

([359]) OHCHR, *Lack of access to economic, social and cultural rights as a driver of precarious migration from South and East Asia*, 2025, pp.24-25, https://bangkok.ohchr.org/sites/default/files/documents/2025-11/ESCR-drivers-of-migration-report.pdf.

research shows that at least 5% of GDP should be allocated to achieve universal health coverage[360].

Availability of doctors is a key factor in access to healthcare, as shortages can lead to longer waiting times or require patients to travel further for treatment. Thailand has a longstanding shortage of doctors[361], despite increasing its physician-to-population ratio since 2011, recording a gain of 0.6 pp. The ratio remains limited, however, at 0.9 doctors per 1,000 people[362].

The UN Universal Periodic Review of Thailand highlighted concerns about reports of high rates of maternal mortality in the southern border provinces and among ethnic minority groups, together with reports of women with disabilities being subjected to forced sterilisation and abortion. However, it praised the measures taken to improve women's access to healthcare services, such as the universal health coverage scheme, which has led to longer life expectancy, reduced rates of HIV infection and the elimination of mother-to-child transmission of HIV and syphilis[363].

### High mortality linked to alcohol consumption

Thailand has significant alcohol-related public health challenges, with more than 70,000 deaths annually attributed to alcohol-related causes. Regular alcohol consumption is reported among nearly 60% of men and 25% of women. While restrictions such as sales bans during religious holidays and limits on sales hours have long been in place, some have recently been abolished to promote tourism[364]. Thai civil society

(360) Ibid.

(361) Iconic Research, 'Thailand pharmaceutical industry in 2025: Trends, growth & challenges', Iconic Research website, 2026, accessed 29 June 2026, https://iconicthai.com/thailand-pharmaceutical-industry/.

(362) OECD/ADB, *Government at a Glance: Southeast Asia 2025*, OECD Publishing, Paris, 2025, p.98, https://doi.org/10.1787/bc89cb32-en.

(363) United Nations, General Assembly, Human Rights Council, Working Group on the Universal Periodic Review, *Compilation on Thailand, Report of the Office of the United Nations High Commissioner for Human Rights*, Thirty-ninth session, 2021, p.6, g2122772.pdf.

(364) Movendi International, 'Thailand: Social movement raises concerns over risks of government policies making alcohol MORE available', Movendi International website, 8 April 2025, accessed 29 June 2026, https://movendi.ngo/community-latest/thailand-social-movement-raises-concerns-over-risks-of-government-policies-making-alcohol-more-available/.

stakeholders raised concerns about the public health risks of elevated alcohol consumption in the country. These significant alcohol-related public health problems are mainly due to unsafe products coming from illicit trade circulating in the region (smuggling, counterfeit, alcohol produced following artisanal practices or non-compliant products with labelling legislation).

### Pharmaceuticals

According to the Food and Drug Administration (FDA) of Thailand, there is a regulated process for the manufacturing, importing, or ordering of drugs into the country.[365] The Drug Act, B.E. 2510 (1967) and the Medical Device Act, B.E. 2551 (2008) govern the regulation and post-market surveillance of pharmaceuticals, biologics and medical devices in Thailand.

For finished pharmaceutical products intended for general sale, manufacturers or importers must first obtain a licence for a drug facility. Once licensed, the product must be registered with the FDA. Registration documents must adhere to either the ASEAN Common Technical Dossier (ACTD) or the International Council for Harmonisation of Technical Requirements of Pharmaceuticals for Human Use (ICH) Common Technical Document (ICH CTD) guidelines. Active pharmaceutical ingredients must be notified to the FDA prior to the manufacturing, importation or ordering into Thailand.

Pricing is regulated by a median price policy established by the Ministry of Commerce, especially for medicines used in public hospitals and health services[366]. Private hospitals and pharmacies can set their own prices[367]. State pricing policy is therefore a principal determinant of the price of medicines in Thailand, particularly in the public health system, alongside other factors affecting supply, market entry and competition.

Trade in pharmaceuticals between the EU and Thailand is significant and the sector is expected to be impacted by the FTA. As availability of pharmaceuticals may impact the right to health, the impact assessment will evaluate whether FTA provisions may affect this right.

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([365]) FDA website, n.d., https://en.fda.moph.go.th/entrepreneurs-medicines/category/how-to-apply-for-drug-approval.

([366]) Iconic Research, 'Thailand pharmaceutical industry in 2025: Trends, growth & challenges', Iconic Research website, 2026, accessed 29 June 2026, https://iconicthai.com/thailand-pharmaceutical-industry/.

([367]) Ibid.

**Food safety standards and sustainable food systems**

The main regulation controlling all foods in Thailand is the Food Act B.E. 2522 (1979), which sets out the processes to obtain approval before producing or importing foods for distribution, so that food products produced or imported for sale have acceptable quality and safety levels for consumers[368]. The level of supervision depends on the risk level of the food category and the size of the production facility. However, ensuring food safety and quality continues to pose challenges, especially in meeting international standards for export markets[369].

Since 2021, Thailand has committed to reducing hunger and addressing the impacts of climate change and environmental pressures on food systems through its engagement in the UN Food Systems Summit[370]. It is pursuing the transformation of its national agriculture and food pathways with an emphasis on sustainability, safety and food security. Improving food safety is a central element of this agenda, particularly in light of Thailand's 'double burden' of malnutrition, where 8.8% of the population is undernourished and obesity rates are increasing. Thai's agri-food sector is expected to be impacted by the FTA. The impact assessment will therefore evaluate whether such impacts will affect food safety in Thailand.

#### 6.1.2.9 Right to an adequate standard of living

Thailand has ratified the ICESCR, CRC, CEDAW and CRPD, among other human rights instruments (see section 6.1 above). In addition, the Constitution requires the state to 'provide assistance to children, youth, women, the elderly, persons with disabilities, indigent persons and underprivileged persons to be able to have a quality living' (section 71). The Social Welfare Promotion Act, B.E. 2546 (2003)[371] establishes a social welfare system designed to prevent and address hardship while strengthening

(368) Ratanakorn,S., 'Food Regulations and Enforcement in Thailand', Elsevier, 2016, https://www.sciencedirect.com/science/chapter/referencework/abs/pii/B9780081005965211475?via%3Dihub.

(369) UN Food Systems Coordination Hub, 'The convergence initiative, Convergence Action Blueprint – Thailand', n.d., https://www.unfoodsystemshub.org/docs/unfoodsystemslibraries/convergence-initiative/thailand/convergence-action-blueprint_thailand_en.pdf?sfvrsn=ec5d27d2_7.

(370) Ibid.

(371) Social Welfare Promotion Act, B.E. 2546 (2003), https://www.social-protection.org/%20gimi/RessourcePDF.action?ressource.ressourceId=50017.

social security and meeting people's fundamental needs, such as education, healthcare, housing, employment, justice, and general social service, to improve quality of life through fairness, human dignity, participation and self-reliance, with particular protection for vulnerable groups, including children, young people, older persons, persons with disabilities, the indigent, and other disadvantaged people in need of assistance. The National Housing Authority Act, B.E. 2537 (1994) established the National Housing Authority (NHA), with the aim of providing affordable housing for low- and middle-income earners, offering financial support for homeownership, managing construction and land development, and improving living conditions by upgrading, relocating or redeveloping slum areas to enhance residents' social and economic well-being[372]. The Protection of Helpless Persons Act, B.E. 2557 (2014) ensures that homeless or vulnerable individuals unable to support themselves can access essential services, including housing, healthcare, education, social welfare and employment.

Despite this legal framework, in the last cycle of periodical review of Thailand in 2015, the UN Committee on Economic, Social and Cultural Rights expressed concern that around 10% of urban families live in informal settlements, facing risks of forced evictions and limited access to basic services, while approximately 10.94% of the population lives in poverty, disproportionately affecting children, older persons and rural communities.

According to the state report in the current review cycle (2025)[373], Thailand has implemented a range of policies and programmes to improve housing and living standards, particularly for low-income and disadvantaged groups. Key initiatives include the 20-year National Housing Development Plan, B.E. 2560 – 2579 (2017–2036), under which the NHA had provided over 28,102 houses by mid-2023, alongside a Housing Loan Programme to increase access to affordable housing. The government has also introduced the State Welfare Card Scheme for low-income earners, providing cash transfers, subsidies for utilities and transportation and additional support for persons with disabilities, reaching approximately 13.4 million beneficiaries by October 2025. To guide these efforts, since 2018 Thailand has employed data-driven tools such as the Thai People Map and Analytics Platform (TPMAP) to identify impoverished households,

(372) FazWaz, 'About National Housing Authority', n.d., https://www.fazwaz.com/property-developers/national-housing-authority-d1509.

(373) United Nations Human Rights Treaty Bodies, *Third Periodic Report submitted by Thailand on the Implementation of the International Covenant on Economic, Social and Cultural Rights*, 11 November 2025, https://tbinternet.ohchr.org/_layouts/15/treatybodyexternal/Download.aspx?symbolno=E%2FC.12%2FTHA%2F3&Lang=en.

assess their needs and implement targeted poverty alleviation programmes through a governmental centre set up to eradicate poverty and foster sustainable development[374].

Broader policy frameworks, including the 13th National Economic and Social Development Plan (2022–2027) and government announcements in 2023, focus on reducing inequality, promoting social equity, improving basic infrastructure, addressing educational disparities and enhancing healthcare access for disadvantaged populations, demonstrating a comprehensive approach to improving the standard of living and housing nationwide[375].

The 2024 Global Multidimensional Poverty Index (MPI) report, jointly published by the UNDP and the Oxford Poverty and Human Development Initiative (OPHI), highlights Thailand's remarkable progress in reducing multidimensional poverty (multiple deprivations at household and individual level in health, education and standard of living). Between 2012 and 2022, the number of people living in multidimensional poverty fell from 909,000 to 352,000, driven by improvements in education, nutrition, housing, access to cooking fuel and basic infrastructure. Despite this progress, challenges remain. Multidimensional poverty in Thailand still exceeds monetary poverty by 0.5 pp, meaning that some people above the monetary poverty line continue to experience deprivation in health, education or living standards, particularly in rural areas and conflict-affected southern border provinces.

A 2024 report of the National Economic and Social Development Council of Thailand (NESDC) reveals that the number of people living in poverty has risen from 3.41% in 2023 to 4.89% in 2024 (representing 3.43 million of the population). Meanwhile, the poverty line has been increased from THB 3,043 to THB 3,078 per person per month. The report also highlights that the agricultural workforce remains the most vulnerable, comprising 45.49% of all people living in poverty[376]. This is due in part to informal employment and lack of access to stable income and benefits. More than half of the

(374) Ibid.

(375) Ibid.

(376) Thai Headlines, 'Thailand's impoverished population has surged to 3.43 million! Social inequality remains a persistent problem', Thai Headlines website, 17 September 2025, accessed 29 June 2026, https://www.thaiheadlines.com/177187/; The Nation, 'NESDC proposes six urgent measures to tackle poverty and inequality', The Nation website, 18 October 2025, accessed 29 June 2026, https://www.nationthailand.com/business/economy/40056969.

workforce is in informal employment, with informality particularly prevalent in agriculture and low-skilled services[377].

The World Bank notes that Thailand has relatively high income inequality compared to other countries in the region, with rural and less developed provinces lagging behind urban centres[378]. The United Nations Children's Fund (UNICEF) reports that people living in poverty in Thailand face three times more discrimination than any other group, which compounds exclusion from services and the opportunities needed for an adequate standard of living. Poverty has severe impacts, particularly on children and older people, who may often lack access to education, healthcare and sufficient pension coverage.

Overall, while Thailand has seen notable progress in reducing certain forms of poverty and improving basic services, significant challenges remain in ensuring a universally adequate standard of living, especially for rural communities, urban low-income groups, informal workers, older persons and other vulnerable groups. These challenges stem from persistent income inequality, gaps in social protection, housing insecurity, and multidimensional deprivations, despite targeted legal and policy initiatives.

Increased trade stemming from the implementation of the FTA can impact the right to an adequate standard of living by supporting lower consumer prices and increasing incomes.

(377) OECD, *OECD Economic Surveys: Thailand 2025*, OECD Publishing, Paris, 8 December 2025, https://www.oecd.org/en/publications/oecd-economic-surveys-thailand-2025_426b9bc0-en/full-report/tackling-informality_4d6a6d0f.html.

(378) World Bank Group, 'Focus on skills, education, regional development needed to create a more equal society in Thailand', Press release, 28 November 2023, https://www.worldbank.org/en/news/press-release/2023/11/29/focus-on-skills-education-regional-development-needed-to-create-a-more-equal-society-in-thailand.

## 6.2 Impact assessment

### 6.2.1 Impacts in the EU

#### 6.2.1.1 Labour rights, including forced labour and child labour

The EU-Thailand FTA is expected to impact labour rights, including forced labour and child labour. As the assessment of potential impacts overlaps with the social analysis (see section 4.2.2), it is not repeated here.

#### 6.2.1.2 Rights of indigenous people

The FTA does not include in its scope the rights of indigenous people. However, sectors associated with violations of the rights of indigenous people in the EU are anticipated to be affected by the FTA.

As shown in the baseline, development projects in certain sectors, including mining and energy, are believed to negatively impact the rights of indigenous people to use and enjoy their culture and land in the EU and to have been implemented without an adequate participatory process. The economic modelling shows that bilateral exchanges in mining and extraction and in energy products are expected to increase significantly with the FTA, leading to a slight increase in land use in the EU. The EU text proposal for the energy and raw materials chapter, Article X.7, addresses the assessment of environmental impact in these sectors. A similar provision is included in the FTA agreed between the EU and Indonesia[379] (Article 14(8), Chapter 14 on energy and raw materials).

The proposed article requires EIA of projects in these sectors to consider impacts on population and human health, as well as cultural heritage and landscape. This sets a similar obligation to that established under Article 3 of Directive 2011/92/EU[380]. These

([379]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

([380]) Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification) Text with EEA relevance, OJ L 26, 28.1.2012, pp. 1–21.

requirements can be interpreted to include the cultural heritage of indigenous people, as well as their population living in affected areas. Such consideration could lead to a positive impact, as their rights to use and enjoy lands affected by energy or raw materials projects would have to be taken into account before such projects are approved.

The proposed article requires both the EU and Thailand to ensure that all interested persons have the possibility to participate in the EIA, a similar obligation to that provided under Article 6(4) and (5) of Directive 2011/92/EC. This requirement should ensure that the voices of indigenous peoples are heard in such processes. As the provision is general, does not go beyond existing obligations under Directive 2011/92/EU, and does not directly address indigenous people, its impact is expected to be low. Despite existing obligations, mineral exploration permits were granted in Finland and Sweden without an adequate participation process (see section 6.1.1.2)[381]. Effective implementation is required if positive impacts are to materialise.

#### 6.2.1.3 Right to join and form trade unions and to collective bargaining

The EU-Thailand FTA is expected to impact the right to join and form trade unions and to collective bargaining. As the assessment of potential impacts overlaps with the social analysis (see section 4.2.2), it is not repeated here.

#### 6.2.1.4 Right to equal treatment and non-discrimination, including persons with disabilities and women's rights

Article XX.4 of the EU text proposal for the TSD chapter addresses trade and gender equality. It states that both parties commit to implementing the FTA, international agreements and ILO conventions on gender equality in ways that create equal opportunities, improve relevant laws and policies, cooperate on trade-related gender issues, and monitor the FTA's impact on women's opportunities in trade.Article XX.11 of the EU text proposal for the TSD chapter recognises the importance of responsible business conduct and corporate social responsibility, which presupposes due diligence in addressing discriminatory practices in value chains.

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([381]) UN, 'Finland must respect the rights of Sámi Indigenous people to traditional lands: UN Committees find', Press release, 10 October 2024, https://www.ohchr.org/en/press-releases/2024/10/finland-must-respect-rights-sami-indigenous-people-traditional-lands-un; United Nations Committee on the Elimination of Racial Discrimination, 'Concluding observations on the combined twenty-fourth and twenty-fifth periodic reports of Sweden', 2025, para. 38.

Similar provisions are found in the EU-Indonesia FTA (Articles 15.5 and 15.12 of Chapter 15 on trade and sustainable growth and development)[382] and in the EU-India FTA (Articles 16.4 and 16.11 of Chapter 16 on trade and sustainable development)[383].

While both the EU and Thailand have robust legal frameworks and have ratified the main UN gender-equality conventions, gaps in implementation and enforcement remain. The proposed provisions could therefore positively support women's rights, particularly if they reflect women's roles as entrepreneurs, workers, consumers and citizens, as proposed by an EU women's rights NGO. However, as Article XX.4 allows each Party to determine its own level of protection, the outcome will depend on the effective implementation of existing policies and the protection levels maintained by each Party. A low-to-medium positive impact is therefore expected. Article XX.4(4) should be amended to require Parties to aim for a high level of protection when setting their own standards.

An EU civil society stakeholder stressed the need for a separate monitoring mechanism on gender equality to ensure follow-up and sustained government engagement beyond the inclusion of relevant provisions in the proposed text, as in the EU-Chile FTA[384]. They noted that the separate monitoring committee on gender equality developed after the EU-Canada FTA[385] could provide a useful model for the EU-Thailand agreement.

Persons with disabilities may benefit from increased employment and business opportunities as a result of trade liberalisation[386]. However, given the inequalities they tend to face (e.g. securing well-paid quality jobs), their ability to benefit from

(382) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(383) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

(384) European Commission, 'EU-Chile: Text of the agreements', 2022, Chapter 27, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/chile/eu-chile-agreement/text-agreement_en.

(385) Government of Canada, 'Recommendation 002/2018 of 26 September 2018 of the CETA Joint Committee on Trade and Gender', 2018, https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/rec-002.aspx?lang=eng.

(386) International Trade Centre, 'Empowering persons with disabilities through trade', ITC News article, 5 December 2022, https://www.intracen.org/news-and-events/news/empowering-persons-with-disabilities-through-trade.

employment opportunities and to adjust to potential negative effects of trade liberalisation are likely to be limited[387]. Affordable medicines may be particularly important for persons with disabilities, who tend to have poorer health outcomes and greater healthcare needs[388].

Given the existing significant vulnerabilities in the EU and Thailand, protection of persons with disabilities should be recognised in the TSD chapter of the FTA. It is recommended to include an explicit reference to the parties' commitment to respect their international obligations under the International Convention on the Rights of Persons with Disabilities, following the example of the EU-Chile Advanced Framework Agreement (Article 5.5)[389]. The text of the FTA could set out the parties' commitment to: cooperate to promote and develop actions to support or increase labour market opportunities for the social inclusion of persons with disabilities; ensure inclusive education and lifelong learning for persons with disabilities; identify and exchange good practices on assistive devices and improve the accessibility of products and services to ensure access on an equal basis and without discrimination.

The expected impacts of the FTA on the right to non-discrimination and the protection of women's rights in labour relationships are described in the social analysis and are repeated here.

#### 6.2.1.5 Right to health and to a healthy environment

Addressing the right to health in the context of trade agreements involves a set of issues related to availability and affordability of medicines, intellectual property rights, environmental protection and safety of traded goods.

(387) Fontana, M. and Mitra, S., Ministry for Foreign Affairs of Finland, *Inclusive trade and persons with disabilities*, 4 August 2023, pp. 46-48, https://unctad.org/system/files/non-official-document/2023-10-19_ITPD_full_en.pdf.

(388) Ibid, p. 51.

(389) Advanced Framework Agreement between the European Union and its Member States, of the one part, and the Republic of Chile, of the other part, ST/11670/2023/INIT, OJ L, 2024/1759, 30.7.2024, https://eur-lex.europa.eu/eli/agree_internation/2024/1759/oj/eng.

## Access to and quality of medicines

The economic modelling shows that exports of pharmaceutical products from the EU-27 to Thailand is expected to increase by 8.3% (USD 37 million in the conservative approach) or 15.9% (USD 71 million in the ambitious approach), while exports from Thailand to the EU are expected to increase by 12.5% (USD 0.6 million).

Falsified medicines in south-east Asia, including Thailand, pose a serious threat[390]. Enforcement efforts by the Thai authorities since 2018 have culminated in the disposal of illicit products worth over THB 200 million[391]. An increase in the export of pharmaceutical products from Thailand to the EU could lead to more falsified medicines reaching the EU. Accordingly, additional inspections of medicine quality may be necessary on the EU side, while Thailand should continue systematic enforcement efforts.

The EU text proposal for the SPS and TBT chapters include provisions to ensure the quality of products, including medicines that enter the EU market. The proposed SPS chapter aims to protect human, animal and plant life and health in the territory of each party, while facilitating trade between the parties (Article X.1). A similar aim is included in the EU-Indonesia FTA (Article 6.1(b) of Chapter 6 on SPS measures)[392] and in the EU-India FTA (Article 5.1 of Chapter 5 on SPS measures[393].

The proposed TBT chapter includes provisions allowing for simplified procedures in the case of urgent health threats (Article X.4(8), Article X.7), similar to the EU-Indonesia

(390) World Health Organization (WHO), *A study on the public health and socioeconomic impact of substandard and falsified medical products*, 2020, p. 16, https://iris.who.int/server/api/core/bitstreams/542501f1-6def-4aae-89ab-3cd2033f6ea9/content.

(391) Siam Trade Development, 'Unlicensed products in Thailand: Risks and consequences', Siam Trade Development website, 25 March 2024, accessed 29 June 2026, https://www.siamdevelopment.com/unlicensed-products-in-thailand-risks-and-consequences/.

(392) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(393) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

FTA (Articles 7.4(8) and 7.7 of Chapter 7 on TBT)[394] and the EU-India FTA (Article 6.7 of Chapter 6 on TBT) [395]. Considering the expected moderate increase in exports from Thailand to the EU, the robust EU legal frameworks on pharmaceuticals and consumer protection together with the possibilities for the EU to take appropriate measures to protect public health, only an indirect low impact on the quality of available medicines is foreseen.

#### 6.2.1.6 Right to an adequate standard of living

In a trade context, impacts on the right to an adequate standard of living may arise through overall economic growth linked to increased trade. The literature indicates that trade liberalisation can support economic growth and sectoral diversification, creating new employment opportunities. However, where effective safety nets and social policies are lacking, job losses for vulnerable groups may heighten vulnerability in sectors adversely affected by liberalisation and push them into poverty.

CGE modelling results suggest that the welfare effects of the FTA would be positive for the EU (see section 3.2.1.7). It is expected to have a marginal impact on EU real wages, with slightly more positive effects on unskilled workers (+0.02%) than skilled workers (+0.01%) under the conservative scenario, although this small differential is muted under the ambitious scenario (+0.02% for each category of workers). Consumer prices are expected to rise marginally in the EU, in line with real wage increases. Unskilled workers seem more likely to benefit from employment gains.

This implies that the EU-Thailand FTA could have an indirect positive impact on the right to an adequate standard of living by creating employment gains and increased wages. However, the extent of the impact is expected to be low. Potential job losses are also anticipated in the machinery, computer and transport equipment sectors (see section 4.2.1), potentially leading to workers becoming redundant and affecting their ability to preserve an adequate standard of living. In these cases, social safeguards and unemployment benefits are crucial to avoid pushing these workers into poverty. As these types of safety net fall primarily under the responsibilities of each Member State in

(394) European Commission, ‘EU-Indonesia: Text of the agreements’, 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(395) European Commission, ‘EU-India: Text of the agreements’, 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

the Union, their adequacy can vary significantly. Their effectiveness will, however, determine the extent of the potential negative impacts of the FTA.

EU social partners raised concerns about potential indirect effects of increased competition, including pressure on margins that could affect wages in sensitive sectors, such as in certain agri-food sectors. They also recognised the potential benefits of increased exports in other sectors and hoped for a balanced outcome for sensitive sectors. They noted that new economic opportunities could strengthen capacity to invest in labour, skills development and training on both sides. They were generally supportive of flanking policies and support measures to mitigate potential negative impacts in sensitive sectors. Most considered that the overall impact would depend on the outcome of the negotiations, expecting either a broadly positive or mixed result.

## 6.2.2 Impacts in Thailand

### 6.2.2.1 Labour rights, including forced labour and child labour

The EU-Thailand FTA is expected to impact labour rights, including forced labour and child labour. As the assessment of potential impacts overlaps with the social analysis (see section 4.2.2), it is not repeated here.

### 6.2.2.2 Rights of ethnic groups

The FTA does not include in its scope the rights of indigenous people or challenges to their implementation. However, sectors associated with violations of the rights of ethnic groups in Thailand are expected to be affected by the FTA.

The baseline shows that forestry and environment-related laws are believed to have negative impacts on the rights of ethnic groups to use and enjoy forest land and forest resources. The EU text proposal for the TSD chapter addresses trade and climate change (Article XX.6), trade and biological diversity (Article XX.7) and trade and forests (XX.8), aiming to promote conservation and sustainable practices, similar to the EU-Indonesia FTA (Articles 15.7, 15.8 and15.9 of Chapter 15 on TSD)[396] and the EU-India

([396]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

FTA (Articles 16.6, 16.7 and 16.8 of Chapter 16 on TSD)[397]. The baseline suggests that Thai rules on forestry and environment applied in the context of the proposed TSD chapter could be interpreted to the detriment to the rights of ethnic groups, negatively impacting their rights. As the proposed articles refer to aspects of climate change, biodiversity and forestry related to trade only, they are not expected to directly affect the rights of ethnic groups and thus the impact is expected to be low.

#### 6.2.2.3 Right to join and form trade unions and to collective bargaining

The EU-Thailand FTA is expected to impact the right to join and form trade unions and to collective bargaining. As the assessment of potential impacts overlaps with the social analysis (see section 4.2.2), it is not repeated here.

#### 6.2.2.4 Right to equal treatment and non-discrimination, including persons with disabilities and women's rights

The impacts of the FTA on the right to equal treatment and non-discrimination are expected to be similar for both parties, as described in section 6.2.1.4.

#### 6.2.2.5 Right to health and to a healthy environment

Addressing the right to health in the context of trade agreements involves a set of issues related to availability and affordability of medicines, intellectual property rights, environmental protection and safety of traded goods.

**Intellectual property rights**

The pharmaceutical industry in Thailand is among the largest in South-east Asia, with Thai-owned companies mainly focusing on the production of generic medicines , which account for the large majority of domestic pharmaceutical manufacturing output[398]. The

(397) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

(398) Krungsri Research, 'Industry Outlook 2026-2028: Pharmaceuticals', Bank of Ayudhya, 2026, https://www.krungsri.com/en/research/industry/industry-outlook/chemicals/phamaceuticals/io/io-pharmaceuticals-2026.

sector is expected to continue growing, driven in part by the increasing number of patients affected by both communicable and non-communicable diseases (NCDs)[399].

The proposed EU text proposal for the intellectual property chapter includes provisions on patent term extension (Article X.45) that go beyond the minimum requirements of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). No equivalent provision is included in the EU-Indonesia FTA, or the EU-India FTA or the EU-Mercosur Interim Trade Agreement[400]. By delaying the market entry of generic medicines, these proposed provisions may affect the availability of lower-cost alternatives. TRIPS requires member states to provide patent protection for a minimum of 20 years from the filing date. However, it does not provide for patent term extensions to compensate for the time lost for the period starting with the filing of the patent application until the first marketing authorisation approval. Conversely, Article X.45 of the proposed intellectual property chapter allows for the limited extension of patent terms, offering pharmaceutical companies longer market exclusivity periods by delaying production of generic drugs.

Results of the economic modelling do not reflect the assumption that the FTA will include strong intellectual property provisions and show increased availability of pharmaceutical products as a result of the EU-Thailand FTA.

Thai civil society stakeholders raised similar concerns, fearing that the FTA's proposed intellectual property term extensions going beyond the WTO TRIPS requirements could delay the entry of generic medicines to the market, increase medicine prices, deepen dependency on imported pharmaceuticals and undermine domestic production capacity. They also expressed concern that the proposed public procurement provisions could limit the Thai government's ability to subsidise local medicine production to support R&D. These dynamics could undermine universal health coverage in Thailand and weaken long-term supply security, particularly during public health emergencies or periods of global market constraint. By contrast, representatives of an international business highlighted the potential benefits for the right to health, including greater access to self-care solutions, preventive health, health equity and resilience. A Thai professional association in intellectual property noted that expanded intellectual property protection could theoretically increase prices but is unlikely to affect supply.

(399) Ibid.

(400) EU-Mercosur Interim Trade Agreement (iTA), 'Chapter 13: Intellectual Property Rights', 2024, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercosur/eu-mercosur-agreement/text-agreement_en.

### Risks from elevated alcohol consumption

Given the high rates of alcohol consumption in Thailand and associated elevated alcohol-related mortality rates, Thai civil society stakeholders raised concerns about potential negative impacts to the right to health from increased EU alcohol imports resulting from trade liberalisation. However, according to CGE modelling results, alcohol exports to Thailand are not expected to be among the sectors significantly affected by the FTA. Existing marketing restrictions aimed at preventing overconsumption remain in place in Thailand. An EU spirits trade association further noted that stronger controls on illicit trade, smuggling and counterfeiting under the FTA could indirectly reduce risks associated with increased alcohol consumption. Accordingly, the impact on the right to health linked to alcohol consumption is expected to be low.

### Healthy environment, food safety and sustainable food systems

The provisions of the proposed EU text proposal for the SPS chapter allow for SPS measures that follow standards of safety and quality, including certifications and audits, transparency and exchange of information. If properly monitored and enforced, these measures may positively impact the level of food safety in Thailand. However, considering the pre-existing challenges with food safety, a low/medium impact is expected, at least in the short term.

The EU text proposal for the TSD chapter contains provisions on environment protection including the commitment of the parties to respect the Paris Agreement and implement effective measures to ensure biodiversity and forest conservation (Articles XX.6, XX.7 and XX.8) (see environmental analysis). Parties recognise the importance of MEAs and the need to enhance the mutual supportiveness between trade and environmental policies, rules and measures, as well as the need to strengthen cooperation on trade-related aspects of environmental policies and measures. These policies and measures include sharing information and promoting initiatives on sustainable production and consumption, promoting initiatives to encourage the shift to a circular economy and considering the impact of environmental law and standards on trade and investment (Article XX.5).

The EU text proposal for the SFS chapter contains provisions for cooperation on specific aspects of sustainable food systems, such as reduction of food loss and waste (Article X.5), the fight against fraud in the agri-food chain (Article X.6), improvement of animal welfare standards (Article X.7), reduction in use of chemical pesticides and fertilisers, and the reduction of the use of antimicrobials (Article X.8). Similar provisions

are found in the EU-Indonesia FTA (Articles 16.4 and 16.5 of Chapter 16 on SFS)[401] and the EU-India FTA (Articles 15.4, 15.5 and 15.6 of Chapter 15 on SFS)[402].

Considering Thailand's commitments to transitioning to sustainable food systems, exchange in best practices and technology of clean and sustainable production may have a positive impact on improving sustainability and food security in Thailand, provided the country remains ambitious in its efforts and ensures effective implementation of such policies.

#### 6.2.2.6 Right to an adequate standard of living

In a trade context, impacts on the right to an adequate standard of living may arise through overall economic growth linked to increased trade. The literature indicates that trade liberalisation can support economic growth and sectoral diversification, creating new employment opportunities. However, where effective safety nets and social policies are lacking, job losses among vulnerable groups may heighten vulnerability in sectors adversely affected by liberalisation and push them into poverty.

The CGE modelling results indicate that the welfare effects of the FTA are expected to be positive for Thailand and relatively (compared to GDP) far more significant than for the EU, under both conservative and ambitious scenarios (see section 4.2.1). Unlike in the EU, the effects in Thailand are expected to be more significant and more beneficial to skilled workers, with the conservative scenario showing estimated wage gains at 0.82%, compared to 0.80% for unskilled workers. Under the ambitious scenario, the effects of the FTA are also projected to be slightly more positive for skilled (+0.92%) than unskilled (+0.90%) workers. Consumer prices are expected to rise more significantly in Thailand (compared to the EU), in line with real wage increases.

Sectoral results of the GCE modelling show the most significant employment gains expected in the auto industry, services, food, utilities, construction and transport equipment. The sectors most susceptible to suffer job losses include dairy, vegetables

(401) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(402) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

and fruit, computers and energy products. Overall, unskilled workers are expected to be most affected by sectoral trade dynamics, either by employment gains or by potential job losses.

Trade liberalisation could have an indirect positive impact on the right to an adequate standard of living in Thailand by creating employment gains and increased wages. Benefits are expected for both skilled and unskilled workers. However, potential job losses in negatively affected sectors could have an indirect negative impact on the right to an adequate standard of living. The effectiveness of existing safety nets, access to unemployment benefits, skills development and training, as well as the potential adoption of flanking policies, will determine the extent of these negative effects. The examination in the baseline showed that while Thailand has made significant progress in addressing poverty and inequality, gaps in social protection persist, affecting primarily vulnerable groups such as rural communities, urban low-income groups, informal and older workers. Policy and legal initiatives should continue to strengthen protections that support an adequate standard of living for these groups, with particular attention to the agricultural workforce.

### 6.2.3 Impact on cross-cutting issues

The impacts of the EU-Thailand FTA on some of the rights analysed are expected to mainly affect consumers and/or SMEs. These rights are described in this section.

#### 6.2.3.1 Impact on SMEs

For human rights, SMEs are most expected to be affected in relation to the right to an effective remedy and to freedom of expression, access to information and right to public participation.

**Right to an effective remedy**

Review and redress procedures are expected to be set out in the EU-Thailand FTA's chapters on transparency, services and investment, digital trade, and government procurement, which could result in a direct positive impact to the right to an effective remedy. The EU text proposal for the transparency chapter provides that each party shall establish judicial, arbitral and administrative procedures for prompt review of administrative decisions, which shall take place in a non-discriminatory and impartial manner (Article X.7), similar to provisions in the EU-Indonesia FTA (Articles 20.6 of

Chapter 20 on Transparency) [403] and in the EU-India FTA (Article 13.6 of Chapter 13 on Transparency)[404]. It also provides that the tribunals established shall be impartial and independent of the administrative authorities entrusted with enforcement powers.

Similarly, Article X.35 of the EU text proposal for the services and investment chapter provides that the parties shall maintain tribunals and procedures that allow for prompt, impartial and objective review of administrative decisions that affect establishment and cross-border trade in services or the supply of a service through the presence of a natural person of a party in the territory of the other party, at the request of an affected investor or service supplier of the other party. A similar provision is provided in the EU-Indonesia FTA (Articles 8.25(4) of Chapter 8 on liberalisation of investment and trade in services) [405].

The EU text proposal for the government procurement chapter sets out the obligation of the parties to ensure a timely, effective, transparent and non-discriminatory administrative or judicial review procedure through which a supplier may file a complaint to challenge procurement procedures covered under this chapter of the FTA. Each party shall designate at least one impartial administrative or judicial authority that is independent of the procuring entities for handling the relevant review (Article X.20). A similar provision is provided in the EU-Indonesia FTA (Articles11.18 of Chapter 11 on government procurement)[406].

The intensity of the impacts depends on the extent of accessibility and effectiveness of such redress mechanisms (e.g. standing of applicants, costs, length) and the impartiality of domestic mechanisms. Given the significant number of relevant provisions included in the proposal, as well as the existing vulnerabilities in the EU and Thailand, only a medium positive impact is expected.

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([403]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

([404]) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

([405]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

([406]) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

Different types of actors could benefit from increased effectiveness in redress mechanisms, notably consumers and companies, especially SMEs.

### Freedom of expression, access to information and right to public participation

The EU-Thailand FTA does not include in its scope the rights to freedom of expression, access to information and to public participation. However, these rights are a prerequisite to the effective implementation of good regulatory practices and transparency requirements in both the EU and Thailand. The provisions of the proposed EU text illustrate that, notwithstanding the absence of explicit references, the implementation of the FTA could have a direct positive impact on the practical exercise of these rights. A Thai stakeholder from academia stressed the importance of easily accessible information to help SMEs to comply effectively with the new regulatory requirements.

Article 5.3 of the EU text proposal for the final provisions chapter allows a party to adopt appropriate measures where it considers that the other party has failed to fulfil obligations designated as essential elements under Article 1.1 of the EU-Thailand Partnership and Cooperation Agreement[407]. That agreement defines respect for democratic principles, human rights and fundamental freedoms as essential elements. Freedom of expression and the right to public participation are core components of a democratic society and may therefore be considered essential for the application of the FTA. Given the vulnerabilities and violations of these rights identified in the baseline, the inclusion of this enforceable essential elements clause (non-execution clause) is an important lever to address and deter further serious violations of such rights.

Transparency requirements are expected to be included in the transparency, GRP and TSD chapters, which could result in a direct positive impact, primarily on the right to access to documents and the right to public participation. The EU text proposal for the transparency chapter provides for the publication of laws and regulations pertaining to matters relating to the FTA and for the availability of established mechanisms for responding to enquires from any person regarding any relevant law or regulation (Articles X.4 and X.5). Additionally, with respect to administrative proceedings, Article X.6 provides that each party to the FTA shall endeavour to provide reasons and shall allow for affected persons to be heard prior to the adoption of any final administrative provision. Each party shall further allow for review and appeal of administrative

(407) Framework Agreement on Comprehensive Partnership and Cooperation between the European Union and its Member States, of the one part, and the Kingdom of Thailand, of the other part, OJ L 330, 23.12.2022, pp. 72–108.

decisions by affected persons (Article X.7). Similar provisions are found in the EU-Indonesia FTA (Articles 20.3 to 20.6 of Chapter 20 on Transparency) [408] and the EU-India FTA (Articles 13.3 to 13.6 chapter 13 on transparency)[409].

The EU text proposal for the GRP chapter includes provisions on making publicly available information on the processes and mechanisms that apply to the preparation, evaluation or review of regulatory measures and planned major regulatory measures that each party reasonably expects to propose or adopt within a year (Articles X.4 and X.5). It also sets out each party's obligation to offer reasonable opportunities for public consultation on the adoption of major regulatory measures (Article X.6). The EU text proposal for the TSD chapter emphasises the importance of providing opportunities for interested persons to submit their views on measures that may affect the protection of the environment or labour conditions (Article XX.13). Similar provisions are found in the EU-Indonesia FTA (Articles 19.4, 19.6 and 19.7 of Chapter 19 on GRP and Article 15.17 on Chapter 15 on trade and sustainable growth and development) [410] and the EU-India FTA (Articles 14.4, 14.6 and 14.7 of Chapter 14 on GRP) [411].

The EU text proposal for the digital trade chapter includes provisions to protect freedom of information online. Article X.16 stipulates that suppliers of internet access services must enable users of those services to access and distribute information and content subject to non-discriminatory, reasonable, transparent and proportionate network management, while Article X.17 provides for opportunities to facilitate public access and use of government data. A similar provision on open government data is contained in the EU-India FTA (Article 9.12 of Chapter 12 on digital trade)[412].

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([408]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

([409]) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

([410]) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

([411]) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

([412]) Ibid.

The intensity of the impacts depends on the conditions of implementation of the transparency requirements (e.g. timely publication, available languages) and the extent of the opportunities available to interested persons to be heard through public consultations or other procedures. Considering the general nature of these obligations and the fact that each party is free to determine its approach to good regulatory practices, a low/medium impact is expected.

SMEs could benefit from increased transparency and public consultation opportunities[413].

#### 6.2.3.2 Impact on consumers

When it comes to human rights, consumers are expected to be most affected in relation to the right to privacy, the right to an effective remedy and the right to freedom of expression, access to information and right to public participation.

**Right to privacy**

The EU text proposal for the Digital trade chapter directly impacts the right to privacy and to protection of personal data, as it provides that 'The parties are committed to ensuring cross-border data flows to facilitate trade in the digital economy' (Article X.6). It addresses protection of personal data and privacy in Article X.7, which recognises the protection of personal data and privacy as a fundamental right, together with the need for high standards in this regard. Similar provisions are found in the EU-Indonesia FTA (Article 10.6 of Chapter 10 on digital trade)[414] and the EU-India FTA (Article 9.5 of Chapter 9 on digital trade)[415]. The proposed article also requires each party to the FTA to inform the other party about any safeguard it adopts or maintains in relation to the protection of personal data and privacy.

(413) Transparency and public consultation opportunities may also benefit other stakeholders, such as social partners, consumers and SMEs, journalists, DAGs and other civil society organisations.

(414) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(415) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

Both the EU and Thailand have robust frameworks to protect the right to privacy and to personal data protection, as well as oversight institutions that oversee their application. Nevertheless, implementation gaps and challenges remain for both partners and Thailand is not yet recognised as a country providing an adequate level of data protection[416]. While the Thai PDPA aligns with the EU GDPR in scope, key definitions, oversight body, data protection officer requirements and legal basis for proceeding personal data, some key differences remain, such as the fact that the PDPA does not clearly define the right of data subjects to be informed about the use of profiling and automated decision-making, as the GDPR does, and that the PDPA sanction regime is not as robust as the GDPR's[417]. As the FTA is expected to provide for a commitment to ensure cross-border data flow, these different levels of protection may have negative impacts on EU consumers, whose data may be transferred to a country that does not offer the same protection as applicable EU rules. An NGO representative from Thailand noted that Thailand's PDPA does not comprehensively protect consumers. The intensity of the impacts will depend on the enforcement and implementation of the applicable frameworks, as well as the interpretation of relevant provisions on profiling and automated decision-making in Thailand and national practices.

The EU text proposal for the Digital trade chapter also includes an article aiming to protect users against unsolicited direct marketing communications (Article X.14). It requires each party to ensure that direct marketing communications are not sent to users who are natural persons unless they have given their consent and also requires that direct marketing communications are clearly identifiable as such. Similar provisions are found in the EU-Indonesia FTA (Article 10.12 of Chapter 10 on digital trade)[418] and the EU-India FTA (Article 9.11 of Chapter 9 on digital trade)[419].

The proposed article reflects some of the protection provided by the ePrivacy Directive, extending it to both parties of the FTA, which may lead to positive impacts for

(416) European Commission, 'Adequacy decisions', n.d., https://commission.europa.eu/law/law-topic/data-protection/international-dimension-data-protection/adequacy-decisions_en.

(417) DPO Centre, 'Thailand's PDPA vs EU's GDPR: A comparative review', 5 February 2024, https://www.dpocentre.com/blog/thailands-pdpa-vs-eus-gdpr-a-comparative-review/.

(418) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(419) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

consumers. These impacts, however, are expected to be low, as the EU already provides expansive protection in this regard, as does Thailand, with the PDPA requiring consent for processing of personal data and the Computer Crimes Act B.E. 2550 (2007) addressing abusive or invasive marketing practices[420].

### Right to an effective remedy

Review and redress procedures are set out in the EU text proposals for the chapters on transparency, services and investment, digital trade and government procurement (see section 6.2.3.1), which could have a direct positive impact to the right to an effective remedy. The proposed transparency chapter provides that each party shall establish judicial, arbitral and administrative procedures for the prompt review of administrative decisions, which shall take place in a non-discriminatory and impartial manner (Article X.7). It also provides that the tribunals established shall be impartial and independent of the administrative authorities entrusted with enforcement powers.

The proposed digital trade chapter provides for redress mechanisms to ensure consumer protection. For instance, Article X.13 aims to ensure effective protection of consumers engaging in electronic commerce transactions through access to redress to claim their rights, including a right to remedies in cases where goods or services are paid and not delivered or provided as agreed, and access to redress against suppliers of direct marketing communications that do not comply with the measures adopted pursuant to the FTA (Article X.14). Similar provisions are contained in the EU-Indonesia FTA (Articles 10.11 and 10.12 of Chapter 10 on digital trade)[421] and the EU-India FTA (Article 9.10 and 9.11 of Chapter 9 on digital trade)[422].

The intensity of the impacts depends on the extent of accessibility and effectiveness of such redress mechanisms (e.g. standing of applicants, costs, length) and the

(420) Tilleke & Gibbins, 'Electronic marketing under Thailand's new Computer Crime Act', Tilleke & Gibbins website, 8 January 2018, accessed 29 June 2026, https://www.tilleke.com/insights/electronic-marketing-under-thailands-new-computer-crime-act/7/.

(421) European Commission, 'EU-Indonesia: Text of the agreements', 2025, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/indonesia/eu-indonesia-agreements/text-agreements_en.

(422) European Commission, 'EU-India: Text of the agreements', 2026, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/india/eu-india-agreements/text-agreements_en.

impartiality of domestic mechanisms. Given the significant number of relevant provisions in the proposal, as well as the existing vulnerabilities in the EU and Thailand identified in the baseline, only a medium positive impact is expected.

Different types of actors could benefit from increased effectiveness in redress mechanisms, notably consumers.

# 7 Results related to the EU's strategic objectives

This chapter assess the potential contribution of the EU–Thailand FTA to a set of EU strategic objectives, identified as: (i) defending and promoting the place and influence of the EU in Thailand, including market shares and standards convergence, benchmarked against key competitors; (ii) ensuring greater supply chain security through enhanced diversification of supply; (iii) providing alternative outlets and sources of supply for EU operators; and (iv) advancing the digital and green transitions and promoting the EU's approach to trade and sustainability.

## Defending and promoting the EU's place and influence in Thailand

The EU is currently Thailand's fourth-largest trading partner, after China, the US and Japan, accounting for approximately 7.2% of Thailand's total international trade. Within ASEAN, Thailand ranks as the second-largest economy by GDP and is a key node in regional value chains. The EU's relative position has been under competitive pressure as China, Japan and other actors have deepened their trade and investment linkages with Thailand, including through preferential agreements such as the RCEP.

The CGE modelling suggests that the FTA would substantially increase bilateral trade flows. Under the conservative scenario, EU exports to Thailand are projected to increase by around USD 11.4 billion (+41%), while Thai exports to the EU are projected to increase by around USD 7.0 billion (+23%). Under the ambitious scenario, these gains rise to approximately USD 14.4 billion (+52%) and USD 7.5 billion (+25%), respectively. The largest EU export gains are expected in cars and trucks (USD 1.9 to 4.9 billion), chemical products (around USD 1.8 billion), dairy products (around USD 980 million) and car parts (around USD 1.0 billion). These results indicate that the FTA would strengthen the EU's market share in several high-value segments of the Thai economy.

Beyond tariffs, the FTA is expected to contribute to standards convergence. The provisional conclusion of 11 negotiating chapters, including those on good regulatory practices, TBT and customs facilitation, provides a foundation for deeper regulatory alignment. In the automotive sector, convergence towards UNECE standards for vehicle type approval would facilitate EU market access and reduce regulatory fragmentation across the ASEAN region. Services and investment represent a further dimension: the EU holds strong comparative advantages in telecommunications, computing and financial services, which together account for roughly four-fifths of EU services exports to Thailand. Reducing investment barriers, including foreign equity restrictions under Thailand's

Foreign Business Act, could strengthen the EU's long-term positioning relative to other key partners.

The FTA has the potential to strengthen the EU's position as a key trading partner for Thailand. The degree to which this is realised will depend on the final level of ambition, particularly in services, investment and regulatory cooperation.

## 7.1 Ensuring greater supply chain security through diversification

The EU's interest in enhancing supply chain resilience has intensified since the COVID-19 pandemic and recent geopolitical disruptions. Supply chain risks arise from import concentration in a small number of countries or from dependency on partners whose trade policy reliability is uncertain.

Thailand's relevance to EU supply chain security is most evident in natural rubber. Thailand is the world's leading producer, and in 2024, plastics, rubber and constituent articles represented the second-largest EU import category from Thailand, valued at approximately EUR 2.2 billion. Thailand ranks among the top five sources of natural rubber imported into the EU. The FTA's tariff and trade facilitation provisions could strengthen the stability and predictability of these supply relationships.

More broadly, Thailand's established position as a regional manufacturing hub means the FTA could facilitate deeper integration of Thai suppliers into EU-oriented value chains. The CGE modelling projects significant increases in Thai exports of processed foods (around USD 920 million, +121%), machinery (around USD 718 million, +14%) and transport equipment (around USD 478 million, +52%), expanding the range of diversified supply available to EU operators.

The environmental assessment notes that rubber cultivation is expanding into northeast Thailand, placing pressure on natural forests and raising questions about deforestation-free sourcing under the EUDR. Effective implementation of the Sustainable Food Systems chapter provisions on strengthening the resilience of food systems will be important in this regard. Investment barriers, including foreign equity restrictions and complex licensing procedures, also constrain the extent to which EU firms can establish deeper supply chain relationships. Addressing these barriers through the FTA's investment and services chapters would enhance the EU's ability to secure diversified supply through commercial presence, as well as through cross-border trade.

The FTA is likely to make a positive, albeit moderate, contribution to EU supply chain security, most significantly in natural rubber and selected industrial and agri-food sectors. Realising these gains will require attention to sustainability conditions, investment openness and regulatory cooperation.

## 7.2 Providing alternative outlets and sources of supply for EU operators

The third strategic objective concerns the extent to which the FTA can expand the range of export destinations and import sources available to EU businesses. On the export side, under the ambitious scenario EU exports to Thailand are projected to increase by approximately USD 14.4 billion (+52%), with particularly large gains in automotive products, chemicals, dairy and processed foods. The trade creation and trade diversion analysis indicates that a substantial share of these gains reflects genuinely new trade. This is particularly the case for dairy, where total EU dairy exports are expected to increase by an amount closely matching the bilateral gains, and for chemicals and vegetables and fruit.

The automotive sector illustrates both the opportunity and complexity of this objective. The projected increase in EU car and truck exports to Thailand (up to USD 4.9 billion under the ambitious scenario) would make Thailand a considerably more important destination for EU automotive producers. At the same time, some evidence of trade diversion is identified in this sector, with bilateral gains partially reflecting reallocation of EU exports.

On the import side, the FTA would diversify EU sources of supply in several agri-food and industrial categories. Thai exports of processed foods, poultry, tuna-based products and rice to the EU are all projected to increase. However, these prospects are viewed with concern by segments of the EU tuna canning industry, which regard tariff liberalisation as a threat to EU processing operations, particularly in the outermost regions. Similar sensitivities arise in sugar and rice, where increased Thai exports could generate adjustment pressures for EU producers and, in the case of rice, for LDC suppliers currently benefiting from duty-free access under the Everything But Arms scheme.

The FTA would contribute meaningfully to providing alternative outlets for EU exports and to diversifying EU import sources. The net contribution depends on the balance between trade creation and diversion effects and on the treatment of sensitive agricultural sectors in the final agreement.

## 7.3 Advancing the digital and green transitions and promoting trade and sustainability

The environmental analysis identifies both opportunities and risks. The CGE modelling projects modest increases in GHG emissions, with the largest proportional effects in Thailand (0.361% under the conservative scenario; 0.608% under the ambitious scenario). Key sectors contributing to emission increases include dairy production in the EU and fishing and poultry production in Thailand.

Against these scale effects, the FTA offers channels through which the green transition may be supported. The automotive analysis highlights the potential for cooperation on EVs, a priority for both parties' industrial policies. Thailand's active promotion of EV manufacturing, combined with the EU's technological strengths and the proposed motor vehicles annex, creates scope for bilateral integration in a sector central to transport decarbonisation. Thailand's Bio-Circular-Green economy model and its net-zero emissions target by 2050 provide a further basis for cooperation on waste management, circular economy initiatives and resource efficiency. At the same time, land-use pressures associated with expanding rubber cultivation and agricultural intensification could affect biodiversity and forest cover, requiring careful management through the TSD chapter and consistency with the EUDR.

On the digital side, telecommunications, computer and information services represent close to 40% of EU services exports to Thailand. The expected FTA's provisions on electronic authentication, digital documentation and paperless trade may reduce frictions for firms engaged in cross-border digital services, although quantifying these effects remains difficult.

On trade and sustainability, the social and human rights analyses identify both potential benefits from employment creation and wage gains, and risks related to labour rights, informality and vulnerable groups in Thailand, particularly in sectors relying on migrant labour. Thailand has made significant progress, including ratification of the ILO Forced Labour Protocol and fisheries labour reforms, but implementation gaps persist. The TSD chapter, provisionally concluded, is expected to provide a framework for the effective implementation of and cooperation on labour standards, environmental governance and responsible business conduct. Its effectiveness will depend on institutional follow-up, monitoring and the continued engagement of both parties.

The FTA offers a platform for advancing the green and digital transitions and for embedding the EU's sustainability approach in a significant bilateral trade relationship. Risks from increased emissions, land-use pressures and shipping emissions require mitigation through effective TSD implementation and complementary flanking measures.

# 8 In-depth sectoral analyses

## 8.1 Rice

### 8.1.1 Sector relevance

Rice is a relevant and politically sensitive sector in the EU–Thailand trade relationship. The EU combines substantial domestic production with continued reliance on imports. EU production is around 2.5 million tonnes of paddy rice annually, equivalent to approximately 1.7 million tonnes of milled rice, while imports account for roughly 1.2 million tonnes of milled equivalent (European Commission, n.d.). Production is geographically concentrated: Italy accounts for approximately half of EU output, with Spain the second-largest producer [423];[424]. Consequently, any adjustment arising from greater import competition is likely to be concentrated in a relatively small number of rice-producing regions.

The market is strongly segmented by both processing stage and variety. In terms of processing stage, trade classification distinguishes between paddy, husked, milled and broken rice, which serve different consumer and industrial uses (European Commission, n.d.-a). In terms of variety, the distinction is between long-grain rice (Indica) and round to medium-grain rice (Japonica). The EU is broadly self-sufficient in Japonica rice but relies more heavily on imports for Indica and premium aromatic varieties, including Basmati and Jasmine rice[425]. Increased imports therefore do not compete uniformly with domestic production, as the degree of substitution differs substantially across rice varieties.

Thailand is particularly important in premium long-grain and fragrant rice, including Thai Jasmine or Hom Mali rice[426]. It accounts for around 9.4% of the import volume and 11.5% of the import value (in 2024) of extra-EU rice imports and is therefore a significant, although not dominant, external supplier[427]. Its concentration in aromatic varieties means that Thai rice is differentiated from much of the EU's Japonica production, potentially limiting direct displacement of EU output. Nevertheless, the combination of commercially meaningful bilateral trade and geographically concentrated EU production makes rice an important sector for the FTA, with potential gains for

[423] European Commission. (2019). EU rice market factsheet.

[424] USDA Foreign Agricultural Service (FAS). (2025). Grain and feed annual: European Union.

[425] Ibid.

[426] CBI. (2023). Specialty rice in Europe: Market entry.

427 World Bank WITS database, 2024, https://wits.worldbank.org/trade/comtrade/en/country/EUN/year/2024/tradeflow/Imports/partner/ALL/product/1006

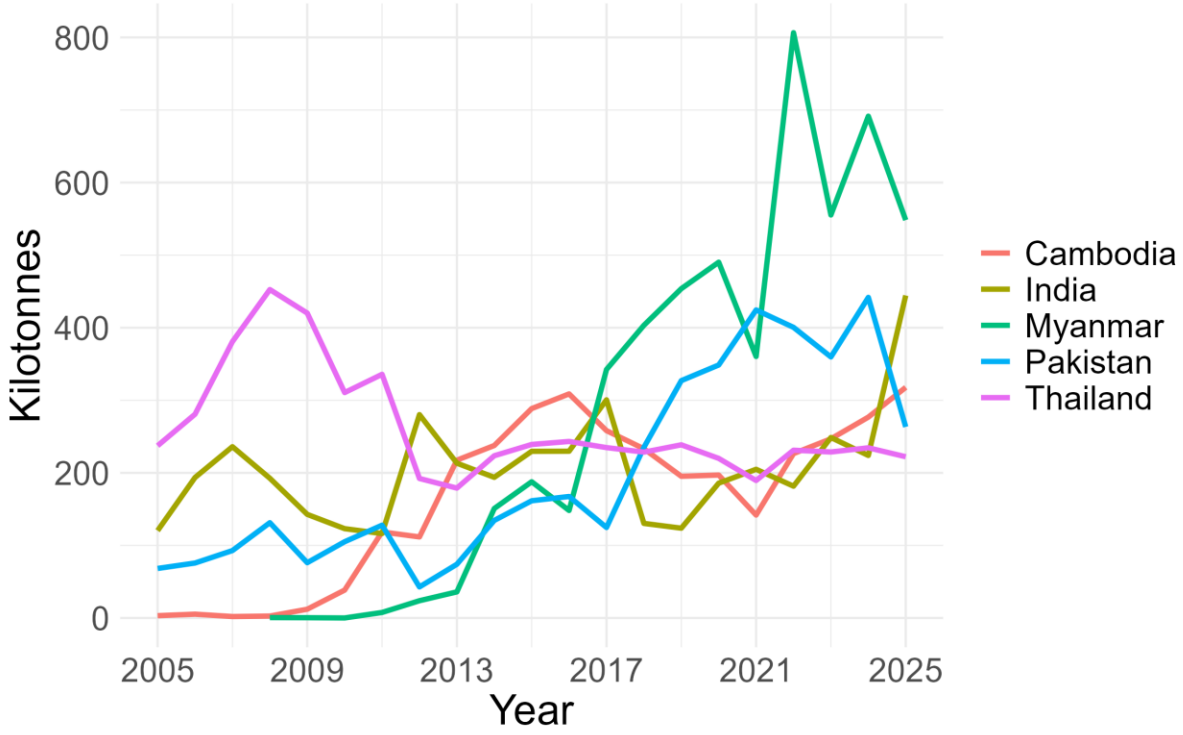
Thai exporters alongside adjustment pressures, in particular for some specific EU market segments and regions.

## 8.1.2 Key Barriers and FTA-Relevant Baseline Conditions

### 8.1.2.1 Trade and Market Structure Before the FTA

EU rice imports are concentrated in milled, husked and broken rice, while paddy rice represents only a negligible share of external purchases. In 2025, extra-EU imports totalled approximately 2.80 million tonnes, comprising around 1.18 million tonnes of milled rice, 795,053 tonnes of husked rice and 474,481 tonnes of broken rice. The principal extra-EU suppliers are concentrated in Asia, including India, Pakistan, Myanmar, Cambodia and Thailand, although their relative importance differs across product categories. Thailand is a meaningful but not dominant supplier and is particularly concentrated in milled and aromatic rice.

**Figure 12: EU rice imports from principal extra-EU suppliers**




Source: COMEXT.

In 2025, Thailand supplied approximately 222,000 tonnes of rice to the EU, valued at €217 million. This represented around 8.9% of extra-EU rice imports by volume, placing Thailand fifth among external suppliers in both volume and value terms. Figure 1 also illustrates the expansion of imports from Cambodia and Myanmar following the introduction of preferential access. Thai exports were broadly stable between 2005 and 2025, falling by around 6%, but declined by

approximately 51% from their 2008 peak. These differences indicate that changes in preferential tariff treatment have materially influenced suppliers' access to the EU market.

#### 8.1.2.2 Tariffs, Quotas and Border Measures

Tariffs have historically played a central role in shaping the EU's trade in rice, but the EU's tariff regime is complex. Rice is subject to a system of specific duties (€/tonne) that vary across product categories. These include paddy (rough) rice, husked (brown) rice, milled rice, and broken rice, each of which is treated differently within the EU's tariff schedule. In addition, there is further variation within categories, for example, certain husked rice varieties such as basmati are subject to different treatment than standard long-grain rice.

As a result, the effective level of protection depends on underlying prices (see Table 1).[428] Converting specific duties into ad valorem equivalents (AVEs) illustrates the extent of variation across product types. In 2025, estimated AVEs ranged from approximately 4% for husked rice to around 18% for milled rice, the dominant traded product, while broken rice faced an AVE of approximately 16%.[429]

**Table 1. EU Rice Tariffs by Product Type (Ad Valorem Equivalents, 2025)**

| Product Type | Price (€/tonne) | MFN Duty (€/tonne) | AVE (%) |
|---|---|---|---|
| **Milled** | **890.78** | **175** | **19.6** |
| **Husked** | **729.41** | **30** | **4.1** |
| **Broken** | **411.48** | **65** | **15.8** |

**Source:** Authors' calculations using Eurostat COMEXT 2025 extra-EU import values and quantities and EU TARIC MFN duties.

These duties materially constrain trade outside preferential arrangements. Tariff-rate quotas therefore provide the principal commercially meaningful channel of access to the EU market. The EU maintains Thailand-specific TRQs for semi-milled or wholly milled rice and for broken rice. For example, the Thailand-specific TRQ on milled rice totals 21, 455 duty-free[430]. The EU's rice regime also includes product- and country-specific concessions that further differentiate market access conditions. A notable example is the preferential treatment granted to certain basmati rice

[428]Note: the table uses the modal duty within a category.

[429] Paddy rice is omitted because no imports were recorded in the period.

430 Commission Implementing Regulation (EU) No 1273/2011 of 7 December 2011 opening and providing for the administration of certain tariff quotas for imports of rice and broken rice (codification) https://eur-lex.europa.eu/eli/reg_impl/2011/1273/oj/eng

varieties from India and Pakistan, which enter the EU at zero duty (specifically husked varieties).[431]

#### 8.1.2.3 Regulatory and Operational Conditions

Thai rice exports must comply with EU food-safety requirements, including maximum residue limits for pesticides and limits on contaminants[432]. These requirements form part of the baseline conditions for trade but are not considered the principal barrier facing Thai rice exports to the EU; tariff and quota treatment remains the central constraint.

### 8.1.3 Relevant FTA Channels

The EU–Vietnam Free Trade Agreement provides the clearest benchmark involving a major Asian rice exporter. Under the agreement, the EU established annual duty-free TRQs totalling 80,000 tonnes: 30,000 tonnes of milled rice, 20,000 tonnes of husked rice and 30,000 tonnes of fragrant rice. Imports outside these quotas remain subject to MFN duties. Broken rice was treated separately, with duties eliminated over time[433],[434]. Available reporting indicates that utilisation has been high (over 90%).

The EU–Australia agreement follows a more restrictive version of this approach. Rice access is described as “modest”, with a TRQ for milled rice of 8,500 tonnes phased in over five years from 5,000 tonnes at entry into force, equivalent to approximately 0.3% of EU consumption. [435],[436].

The outcome of the EU–India negotiations is more defensive. Rice is excluded from liberalisation, with existing EU tariffs maintained and no new TRQs granted (European Commission, 2026c). This does not, however, remove India’s existing preferential access: specified varieties of husked Basmati rice already benefit from duty-free treatment outside the FTA framework.

Taken together, these agreements reveal a consistent EU approach. Access for major rice exporters is either provided through tightly limited quotas, as in the agreements with Vietnam and

[431] These concessions do not arise from FTAs but from WTO-based renegotiations of EU tariff commitments under Article XXVIII of the GATT.

[432] CBI. (2023). Specialty rice in Europe: Market entry.

[433] European Commission. (2020a). EU–Vietnam Free Trade Agreement: Tariff schedule and market access provisions.

[434] European Commission. (2020b). EU–Vietnam Free Trade Agreement: Factsheet and key elements.

[435] European Commission. (2026a). EU–Australia Free Trade Agreement: Overview of agricultural market access.

[436] European Commission. (2026b). EU–Australia Free Trade Agreement: Factsheet for EU farmers.

Australia, or excluded from additional liberalisation, as in the agreement with India. Liberalisation is generally concentrated in less sensitive product categories, and there is no recent precedent for unrestricted tariff elimination on milled rice from a major exporting country. For Thailand, the most relevant FTA channels are therefore likely to be the volume and duty treatment of country-specific TRQs for milled and broken rice, the treatment of imports outside those quotas, and any associated phasing or safeguard provisions.

From a labour rights perspective, the rice sector bears some of the risks associated with Thailand's agriculture. As discussed in the social analysis, agricultural workers in Thailand suffer from limited legal protection, exacerbated by a high level of informality and an increasing reliance on migrant labor, all of which contribute to workers' rights violations. On paper, the rice sector is not associated with risks of forced or child labour: it is not on the U.S. Department of Labor's TVPRA list of goods produced by child labour or forced labour, nor is it one of the key sectors targeted by the Thai government in its efforts to combat both forms of labour exploitation. In practice, however, its strong reliance on migrant workers, especially from Myanmar, makes it vulnerable to labour rights violations, making trade liberalisation potentially more sensitive. The implementation of the Trade and Sustainable Development chapter could increase scrutiny of working conditions in Thailand's agricultural sector as a whole, Including in the rice sector.

As noted in the environmental analysis, rice is Thailand's largest agricultural source of GHG emissions, notably from methane emitted from flooded paddies. Increased production linked to rising exports could generate negative climate impacts, but several methods, such as alternative wetting and drying (AWD), can mitigate emissions (see Box 1 p. 137).

### 8.1.4 Likely Impacts of the FTA in the Sector

The scale and composition of the FTA's effects will depend on the final treatment of rice, including the volume and in-quota duty rate of any additional TRQs, the pace at which access is introduced and the availability of safeguard mechanisms. While EU MFN duties impose a material cost on rice imports, they do not necessarily preclude imports by competitive Thai suppliers; Thai milled rice is already exported to the EU under MFN conditions. An additional preferential TRQ would therefore not necessarily generate an equivalent increase in Thai exports or in total EU imports. It could partly redirect existing Thai exports from the MFN regime into the preferential quota, allowing exporters and importers to capture the tariff preference. Any net increase in Thai exports would depend, among other factors, on the quota's size relative to existing Thai MFN trade, the margin between the in-quota and MFN duty rates, utilisation of the quota, and the extent to which Thai rice displaces rice from EU producers or other suppliers.

The EU's experience under the Everything But Arms scheme illustrates the potential responsiveness of rice trade to improved market access. Following the transition to duty-free access, EU rice imports from EBA beneficiaries increased from near zero in 2010 to approximately 780,000 tonnes in 2018. The increase was concentrated in Cambodia and Myanmar and generated sufficient pressure on parts of the EU rice sector to prompt a safeguard

investigation in 2018 and the temporary reintroduction of tariffs from 2019 [437],[438],[439]. However, this experience is not directly comparable to a potential preferential arrangement with Thailand. For Cambodia and Myanmar, duty-free access was central to overcoming the tariff barrier to entry into the EU market. By contrast, Thailand already exports milled rice to the EU under MFN conditions. Consequently, an additional Thai TRQ may partly replace existing MFN imports rather than generate a comparable market-entry effect.

The effect of increased imports from Thailand would nevertheless be moderated by product differentiation. Thai exports to the EU are concentrated in premium aromatic varieties, particularly Jasmine or Hom Mali rice, while much EU production consists of Japonica rice and other varieties serving different market segments[440]. Greater access would therefore be likely to strengthen Thailand's position primarily in premium and specialty segments rather than displace EU production on a one-for-one basis. Competitive pressure could be greater where Thai products overlap with EU-produced Indica rice, but more limited where consumer preferences distinguish strongly between varieties.

The DG Trade CGE analysis approximates limited, TRQ-based liberalisation through a reduction in the ad-valorem equivalent (AVE) of existing protection. The results point to a significant but moderate increase in Thai rice exports to the EU, accompanied by some decline in EU rice output and associated adjustment pressures. Because the model treats rice as a single aggregate sector, it does not capture differences between aromatic, Indica and Japonica varieties and may therefore overstate the extent to which higher Thai exports directly displace EU production.

Any adjustment costs are likely to be geographically concentrated in the principal EU rice-producing regions, particularly in Italy and Spain. Even moderate aggregate effects may therefore generate strong political opposition and demands for phased implementation, limited quota volumes or safeguard provisions. The extent of this response will depend not only on the overall increase in imports, but also on whether expanded Thai access remains concentrated in differentiated aromatic varieties or extends into products that compete more directly with EU output.

### 8.1.5 Conclusions

Rice is unlikely to be suitable for unrestricted liberalisation under the EU–Thailand FTA. The most plausible outcome is a limited expansion of Thailand-specific TRQs,

[437] European Commission (2018) Notice of initiation of a safeguard investigation concerning imports of Indica rice originating in Cambodia and Myanmar (2018/C 100/13).

[438] European Commission. (2019). EU rice market factsheet.

[439] European Commission (2019b) Commission Implementing Regulation (EU) 2019/67 of 16 January 2019 imposing safeguard measures with regard to imports of Indica rice originating in Cambodia and Myanmar/Burma.

[440] CBI. (2023). Specialty rice in Europe: Market entry.

particularly for milled and aromatic rice, combined with phased implementation and safeguard provisions. Such access would generate commercially meaningful gains for Thai exporters and could benefit EU consumers through lower prices and greater access to differentiated premium varieties, including Thai Jasmine rice. Standard trade models imply that this expansion in product variety generates welfare gains even where imported rice does not directly replace domestic varieties. The aggregate effect on EU production is likely to be moderate because Thai aromatic rice is imperfectly substitutable with much EU-produced Japonica rice, although adjustment pressures could remain concentrated in particular products and rice-producing regions.

## 8.2 Sugar

### 8.2.1 Sector relevance

The sugar sector occupies a structurally important position in the EU's agri-food system and, by extension, in its external trade policy. Its relevance in the context of an EU–Thailand Free Trade Agreement (FTA) derives from a combination of domestic production sensitivity, the role of long-standing preferential market access, reliance on imports for specific segments, and its integration into broader food, feed and industrial value chains.

A defining feature of the EU sugar market is its segmentation between domestically produced beet sugar and imported cane sugar, which differ in production structure and economic function. EU sugar production is overwhelmingly based on sugar beet, grown primarily in northern Member States such as France, Germany and Poland, and processed within an integrated system linking farmers and processors. Sugar beet generates refined sugar for human consumption alongside by-products such as beet pulp and molasses, which are used in animal feed, yeast and biofuel production and account for approximately 10% of the industry's total value added.[441, 442]

By contrast, the cane sugar segment is structurally dependent on imports from tropical producers, typically developing and least developed economies. Cane sugar is imported in both raw and refined forms. Raw cane sugar is processed in dedicated EU refining facilities, typically located in coastal regions.[443] Its primary role is to complement domestic beet sugar supply and stabilise availability, while the existence of a domestic cane refining industry adds an industrial dimension to trade policy because refiners rely on predictable access to imported raw inputs.

Thailand's relevance to the FTA derives from the contrast between its substantial export capacity and its currently negligible presence in the EU sugar market. This suggests that changes in market

[441] European Commission (n.d.) *Sugar*

[442] USDA/FAS (2025) *Sugar Semi-annual Report: European Union*.

[443] European Sugar Refineries Association (2019) *Study on Raw Materials in the EU Sugarcane Sector*. Brussels: ESRA.

access could produce a material trade response, while also creating adjustment pressures for EU producers and existing preferential suppliers.

From a trade perspective, the structure of the sector creates a dual policy objective: protecting domestic agricultural production while ensuring sufficient access to imported inputs for refining and consumption and enhancing market access for EU exports. Trade liberalisation may therefore have asymmetric effects across different parts of the value chain. These effects are also likely to be geographically concentrated, given the importance of beet production to rural regions and the concentration of cane refining activities in coastal industrial areas.

## 8.2.2 Key Barriers and FTA-Relevant Baseline Conditions

### 8.2.2.1 Trade and Market Structure Before the FTA

Globally, sugar exports are concentrated among a small number of major producers. In 2024, Thailand was the world's second-largest sugar exporter in both value and volume terms, behind only Brazil, exporting approximately 4.0 million tonnes valued at US$2.6 billion.

Despite this substantial export capacity, Thailand currently plays a negligible role in the EU sugar market. In 2025, EU imports from Thailand amounted to only 3.2 kilotonnes, valued at €2.8 million. Almost all of these imports were refined sugar, at approximately 3,179 tonnes, while raw cane imports were negligible. These flows were economically insignificant relative to both total EU imports and Thailand's global exports, indicating that existing market-access conditions, rather than supply constraints, are the principal explanation for Thailand's limited presence in the EU market.

The EU imports both raw cane sugar and refined sugar from outside the EU, corresponding to different stages of the value chain and sources of supply. In 2025, extra-EU imports amounted to approximately 1.614 million tonnes, comprising around 959,000 tonnes of raw cane sugar and 654,000 tonnes of refined sugar. Raw beet sugar imports were negligible, at approximately 1,500 tonnes. Raw cane sugar is an important input into the EU refining industry, while refined sugar is imported for direct use in the food and industrial sectors.

Tariffs and tariff-rate quotas (TRQs) play a central role in shaping these trade flows, with the EU operating a highly structured and differentiated protection regime across product types. At the MFN level, protection is substantial. Raw cane sugar imported for refining is subject to a duty of €339 per tonne, while refined sugar faces a higher duty of €419 per tonne. Converting these into ad valorem equivalents highlights the scale of protection: approximately 68% for raw cane sugar and 66.6% for refined sugar, based on 2025 extra-EU import unit values. The EU complements these duties with a range of preferential arrangements. For raw cane sugar used in refining, reduced-duty TRQs include country-specific allocations for suppliers such as Brazil, Australia and Cuba, alongside a residual quota for all third countries.

Preferential agreements further differentiate access conditions. Economic Partnership Agreements provide duty-free, quota-free access, while several FTAs grant zero-duty TRQs to partners including countries in Central America, the Andean region, South Africa and Vietnam.

Other agreements, such as the EU–Mercosur agreement, provide a reduction in the tariff applied within existing WTO quotas rather than creating a new quota. Where preferential access is unavailable, or where the preferential volume is below the trading partner's export potential, MFN tariffs continue to act as the binding constraint on market access.

### 8.2.3 Thai sugar policy, reform and sustainability

Thailand's sugar sector was historically governed through extensive state coordination under the Cane and Sugar Act of 1984. The Cane and Sugar Board divided production between Quota A for the protected domestic market, Quota B for centrally managed long-term exports and Quota C for remaining exports. Revenues from domestic and export sales of sugar and molasses were pooled and divided between growers and mills under a 70:30 revenue-sharing arrangement.[444] The government also determined an initial cane price, with the Cane and Sugar Fund compensating shortfalls under specified conditions. Brazil requested WTO consultations in 2016, alleging that the protected domestic market, production and export arrangements, and supplementary support to producers cross-subsidised surplus exports. The dispute produced no panel ruling and was resolved through a mutually agreed solution notified in 2024.[445]

Reform culminated in amendments to the legislation in December 2022. According to the WTO, these abolished the sugar quota system, the fixed domestic sugar price and assistance payments to cane farmers, while modifying compensation arrangements for mills.[446] The reforms therefore substantially increased the role of market prices in determining sugar sales and export allocation. Liberalisation was nevertheless incomplete. The 70:30 revenue-sharing mechanism between farmers and mills was retained, and the government continues to announce an initial or guaranteed minimum cane price. Recent evidence indicates that changes in this administered farm-gate price materially affect planting decisions and crop switching.[447,448] State coordination also continues through the Office of the Cane and Sugar Board. Recent sources do not identify a current explicit sugar export subsidy, while broader agricultural credit, input-support and debt-relief programmes remain available but cannot necessarily be attributed specifically to sugarcane

[444] Food and Agriculture Organization of the United Nations. (1997). *Is the planned export potential sustainable in Thailand?* In *Proceedings of the Fiji/FAO Asia Pacific Sugar Conference*.

[445] World Trade Organization. (2024). *Thailand—Subsidies concerning sugar: DS507*.

[446] World Trade Organization. (2025). *Trade policy review: Thailand—Report by the Secretariat* (WT/TPR/S/480).

[447] Tangwongkit, S., Srinivasan, C. S., & Jones, P. J. (2025). Assessing sugarcane farmers' intentions towards World Trade Organisation-driven sugar sector policy reforms in Thailand. *Heliyon, 11*(13), Article e43517.

[448] U.S. Department of Agriculture, Foreign Agricultural Service. (2026, April 20). *Thailand: Sugar annual* (Report No. TH2026-0011).

producers. Thailand's system is consequently more market-oriented than before the reforms, but it is not a fully decentralised market.[449]

Sugarcane cultivation also raises environmental and labour concerns. Research based on conditions in 2014–15 identifies pre-harvest burning and excessive use of chemical fertilisers and agrochemicals as important environmental and socioeconomic pressures.[450] There has, however, been substantial recent progress in reducing burning. USDA FAS estimates that green, unburnt cane accounted for 97% of the 2025/26 harvest, compared with 85% in 2024/25 and a ten-year average of 63%, reflecting regulatory pressure, mill incentives and investment in mechanised harvesting.[451]

Thailand's sugarcane sector also remains relevant to the EU's efforts to combat child and forced labour. Sugarcane is included on the U.S. Department of Labor's list of goods produced by child labour, while the U.S. Department of State has reported indicators of forced labour and risks of exploitation among Thai and migrant workers in the sector.[452,453] The Thai government has taken steps to address these risks, but they remain relevant to the labour and sustainability provisions of the FTA.[454]

### 8.2.4 Regulatory and Operational Conditions

Regulatory and operational barriers in the EU sugar sector are broadly standard and do not constitute unusual constraints relative to other agri-food products. Imports are subject to EU-wide food-safety, hygiene, official-control and traceability requirements, including certification, documentation and border checks, ensuring that imported sugar meets the same standards as

[449] World Trade Organization. (2025). *Trade policy review: Thailand—Report by the Secretariat* (WT/TPR/S/480).

[450] Prasara-A, J., Gheewala, S. H., Silalertruksa, T., Pongpat, P., & Sawaengsak, W. (2019). Environmental and social life cycle assessment to enhance sustainability of sugarcane-based products in Thailand. *Clean Technologies and Environmental Policy, 21*, 1447–1458.

[451] U.S. Department of Agriculture, Foreign Agricultural Service. (2026, April 20). *Thailand: Sugar annual* (Report No. TH2026-0011).

[452] U.S. Department of Labor, Bureau of International Labor Affairs (2024) *List of Goods Produced by Child Labor or Forced Labor (TVPRA List), 11th Edition*. Washington, D.C.: ILAB.

[453] U.S. Department of State (2025) *Trafficking in Persons Report: Thailand*. Washington, D.C.: Office to Monitor and Combat Trafficking in Persons.

[454] Royal Thai Government, Ministry of Labour (2022) *Report on the Situation of Child Labour and Forced Labour Issues in the Sectors of Shrimp, Fish, Sugarcane and Garment Products*. Submitted to the U.S. Department of Labor.

domestic production.[455] Harmonised rules on product definitions and labelling impose setadditional technical compliance requirements on for exporters.[456] Participation in use of TRQs also entails administrative conditions, including licensing procedures and financial securities, which add procedural costs.[457]

### 8.2.5 Relevant FTA Channels

The likely provisions affecting sugar must be inferred from existing EU agreements with comparable partners. Those agreements suggest that, while the EU has granted sugar preferences in past FTAs, it has generally done so through limited and managed access, rather than full liberalisation.

The clearest benchmark for Thailand is the EU–Vietnam Free Trade Agreement. Under the EVFTA, the EU granted Vietnam a fixed duty-free TRQ of 20 kilotonnes for sugar and products with high sugar content, with no annual increase. This is an important precedent because it shows that the EU is willing to grant sugar access to an ASEAN exporter, but in a capped and tightly controlled form rather than through full tariff elimination.[458]

A similar pattern appears in the EU–Andean Trade Agreement, where sugar access is also governed through TRQs, with a zero tariff within quota and MFN duties applying outside it. For example, Colombia was granted a quota of 63 kilotonnes per year, increasing by 3% annually. This again points to an EU approach based on preferential but quantitatively limited access, rather than open-ended liberalisation.

In addition to trade provisions, implementation of the TSD chapter could bring greater scrutiny to working conditions in Thailand's sugarcane sector and further increase the sensitivity of trade liberalisation. To the extent that compliance with international labour standards is subject to dispute settlement, enforcement of the TSD chapter could help reduce risks of labour exploitation, including child and forced labour, and facilitate compliance with EU autonomous measures such as the EU Forced Labour Regulation and the Corporate Sustainability Due Diligence Directive.

### 8.2.6 Likely Impacts of the FTA in the Sector

#### 8.2.6.1 Likely Effects on Bilateral Trade

An informative, though highly unusual, example of the response to substantially improved EU market access is provided by Ukraine. Following Russia's full-scale invasion, the EU introduced

[455] European Commission (n.d.-a) *Imported products: official controls and enforcement*.

[456] European Union (n.d.) *Sugars: definitions and labelling rules*.

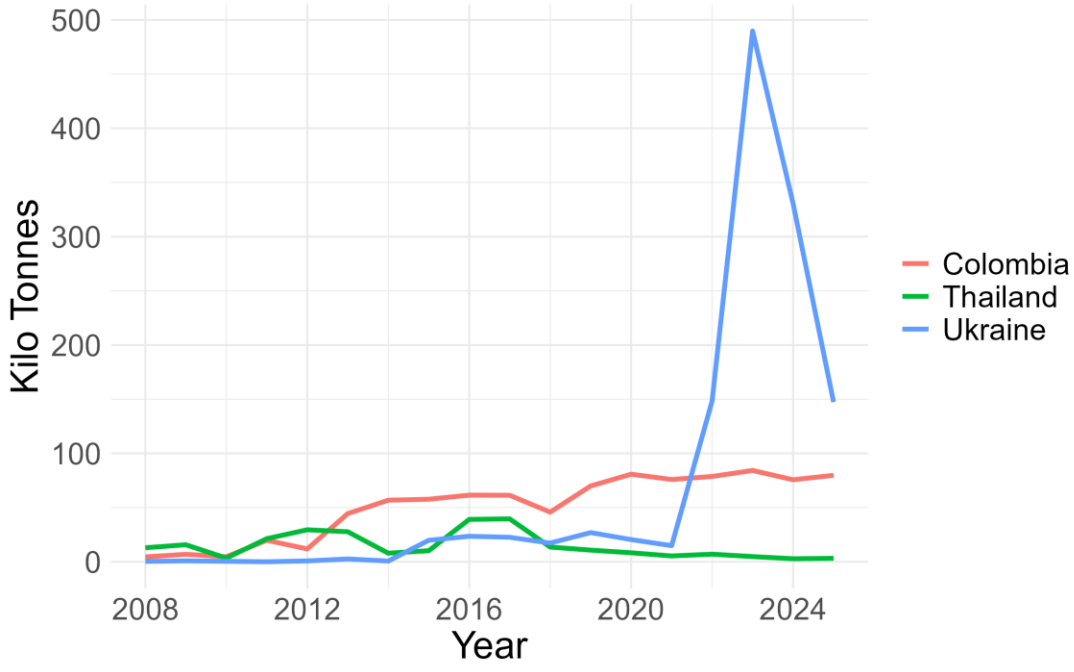
[457] World Trade Organisation (n.d.) *Import licensing procedures: sugar*.

[458] EEAS (2019) *Guide to the EU-Vietnam Trade and Investment Agreements*.

temporary autonomous trade measures suspending duties, quotas and trade-defence measures on Ukrainian exports from June 2022 until June 2025.[459] For sugar, this represented a major shift from the previous regime. EU imports of Ukrainian sugar subsequently increased from around 20 kilotonnes before liberalisation to approximately 500 kilotonnes in 2023, a roughly 25-fold increase. This episode cannot be treated as a direct precedent for Thailand: it occurred amid wartime disruption, exceptional EU policy support and lack of alternatives for Ukraine's exports due to logistic constraints related to the blockage of the Black Sea. Moreover, the surge in imports from Ukraine also coincided with a period of tightness of the EU sugar market, due to shortfalls in domestic production. Nevertheless, it provides an indication of the scale on which trade could respond when previously binding trade restrictions are removed. It should therefore be interpreted as an illustrative upper-bound case rather than as evidence of the likely response under a conventional FTA.

A similar, though more gradual, pattern can be seen in Colombia. EU imports from Colombia increased markedly following the introduction of preferential access in 2012 and continued to grow as its duty-free TRQ expanded by 3% annually. The Colombian experience illustrates how a TRQ calibrated to the exporting partner's capacity and the EU market's ability to absorb additional imports can support sustained trade growth. Given Thailand's large and competitive export sector, a commercially meaningful TRQ negotiated on this basis would therefore be expected to be highly utilised.

**Figure 1: EU sugar imports from Ukraine, Colombia and Thailand over time**




Source: COMEXT.

[459] European Commission (2025a) *EU trade relations with Ukraine*.

Thailand currently exports almost no sugar to the EU despite being a major global producer and exporter. The comparison with Ukraine and Colombia suggests that this negligible presence is unlikely to reflect an absence of export capacity and is instead more consistent with current EU trade restrictions acting as the binding constraint. Even limited liberalisation could therefore generate a material increase in bilateral trade.

#### 8.2.6.2 Interpretation of the CGE Results

The CGE model suggests relatively limited effects of sugar liberalisation on bilateral EU–Thailand trade. In the baseline, EU protection is represented by an ad valorem equivalent of 34.6%, modelled to be falling to 25.9% under the conservative scenario and 17.3% under the ambitious scenario. Thai tariffs are projected to fall from 50.6% to 2.5% in both scenarios. Despite these substantial reductions, the model predicts only a small increase in bilateral trade and instead generates a reallocation of Thai factors away from sugar, alongside a contraction of the Thai sugar sector.

These results are likely to understate Thailand's potential exports to the EU. In practice, the EU's MFN sugar duties are effectively prohibitive, meaning that Thai exports remain close to zero in the absence of preferential access. The creation of a commercially meaningful TRQ would represent a discrete change in market access, potentially allowing imports to increase sharply up to the quota volume. By contrast, the CGE model represents liberalisation as a continuous reduction in an ad valorem equivalent and generates proportional changes from the initially negligible bilateral trade flow. It is therefore poorly suited to capturing the large step change associated with opening a preferential quota. The limited modelled increase in Thai exports should therefore not be interpreted as evidence that Thailand lacks significant export potential to the EU.

#### 8.2.6.3 Downstream Effects and Adjustment Pressures

Sugar remains a highly sensitive area of EU trade policy because beet production supports farmers, processors and associated activity across a number of Member States. Increased imports may therefore generate concentrated adjustment pressures where they compete with domestically produced sugar. Similar concerns apply to sugarcane-producing outermost regions such as Réunion and Guadeloupe,.. During the recent increase in Ukrainian supplies to the EU, sugar exports from Réunion fell from approximately 177,000 tonnes in 2021 to 88,000 tonnes in 2023, while bulk sugar exports from Guadeloupe also declined. This does not establish that Ukrainian sugar displaced their exports, the movements may instead reflect local and international supply and demand shocks. Nevertheless, a meaningful Thai TRQ would increase competition in the EU market and could divert some demand away from sugar produced in the outermost regions, although the available data do not allow the size of this effect to be estimated reliably.

Against these adjustment pressures, there is no direct evidence on tariff pass-through to EU consumer prices for sugar, making it difficult to quantify downstream retail effects. However, access to imported sugar matters for industrial users by expanding supply options and placing competitive pressure on input costs. CIUS notes that the EU has imported 2–3 million tonnes of sugar annually in recent years and argues that restricted access raises costs for high-value-added

sugar-using sectors such as confectionery, jams, chocolate, soft drinks and bakery products.[460] While this evidence comes from an industry body with a direct interest in import access, the underlying economic channel is clear: more predictable access to competitively priced sugar can reduce input-cost pressures, improve supply resilience and support downstream competitiveness.

Recent developments in relation to Ukraine illustrate these political constraints. Following the period of unrestricted access, the EU reintroduced quota-limited access for Ukrainian agricultural products in June 2025, including a duty-free sugar quota of approximately 100,000 tonnes. This remained substantially above the pre-war level but well below the approximately 500 kilotonnes imported during full liberalisation.

Political sensitivity may consequently shape the size, staging and implementation of any sugar concession, including through quota limits and safeguard mechanisms.

### 8.2.7 Conclusions

Thailand has substantial potential to expand sugar exports to the EU. It is a major global exporter but currently supplies almost none of the EU market, suggesting that its limited presence reflects existing market-access conditions rather than a lack of productive or export capacity. Improved preferential access would therefore be expected to increase bilateral trade.

The scale of this increase would depend on the form and volume of access granted. Full liberalisation would expose EU producers and existing preferential suppliers, including some LDC and ACP countries, to greater competition from Thai sugar. This could reduce their market shares and export revenues, although the size and distribution of these effects cannot be determined precisely from the available evidence. Downstream refiners and food manufacturers would, by contrast, benefit from greater access to competitively priced inputs.

Given these competing interests, the EU has generally liberalised sugar through managed access, most commonly tariff-rate quotas, rather than unrestricted tariff elimination. A duty-free or reduced-duty TRQ is therefore the most plausible outcome of the EU–Thailand FTA. Its effects would depend primarily on the size, product coverage and administration of the quota, with a commercially meaningful allocation likely to be highly utilised and capable of generating meaningful trade gains while allowing adjustment to increased competition.

## 8.3 Tuna

### 8.3.1 Sector relevance

Tuna is a major Thai fishery export and an important component of EU–Thailand agri-food trade. In 2024, Thailand was the world's largest tuna exporter in both value and volume terms, exporting approximately 0.58 million tonnes valued at US$2.48 billion. Prepared tuna dominated these exports, accounting for around 546,000 tonnes and US$2.40 billion. Prepared and preserved

[460] CIUS (2025) *Policy Priorities 2025*.

tuna represents 42% of Thailand's fishery export value.[461,462] Thailand operates primarily as a processing hub, importing raw tuna—largely frozen skipjack—from third countries and exporting processed products, including canned tuna, rather than relying principally on domestically caught fish.[463,464] The EU, meanwhile, remains dependent on external supply, with a tuna self-sufficiency rate of only around 34–35%.[465]

The sector is employment-intensive and geographically concentrated. Thailand's tuna industry employs tens of thousands of workers, many of whom are migrants, while women account for around one third of employment.[466] Recent evidence from processing centres such as Samut Sakhon continues to identify occupational and employment-related vulnerabilities among migrant seafood workers.[467,468]

Across the EU as a whole, tuna processing supports approximately 20,000 direct and 60,000 indirect jobs.[469] Employment in the sector is geographically concentrated across a number of fisheries-dependent regions, including Galicia, Brittany and the Azores. Trade liberalisation could therefore generate geographically concentrated adjustment pressures.

The tuna sector is also sensitive because of concerns surrounding illegal, unreported and unregulated fishing, environmental sustainability and labour conditions. Migrant workers remain particularly vulnerable to forced labour, unsafe working conditions and restrictions on collective

[461] European Commission. (2024). *EU–Thailand trade relations and FTA overview*.

[462] EUMOFA. (2025). *The EU fish market 2025 edition*.

[463] FAO. (2025). *Thailand fisheries and aquaculture country profile*.

[464] EUMOFA. (2025). *The EU fish market 2025 edition*.

[465] Ibid.

[466] Thai Tuna Industry Association (TTIA). (2025). *Annual labour report 2025*.

[467] Kyaw, M. M. (2022). Occupational hazards and mental health among Myanmar migrant workers in Samut Sakhon province, Thailand.

[468] Freedom Fund (2024). *Thailand Hotspot Report.*

[469] European Commission (2021) 'SpecTUNA: better quality and a more competitive tuna industry thanks to EU funding', *Oceans and Fisheries*.

representation.[470,471,472] These economic, social and environmental considerations make tuna a priority sector deserving an in-dpepth analysis in the EU–Thailand negotiations. Thailand seeks improved access to the EU market, where prepared tuna faces tariffs of up to 24%, while EU stakeholders emphasise the exposure of domestic processors and the need for robust rules of origin, traceability and sustainability safeguards.[473,474]

## 8.3.2 Key Barriers and FTA-Relevant Baseline Conditions

### 8.3.2.1 Trade and Market Structure Before the FTA

Prepared and preserved tuna dominates EU tuna imports, reflecting the importance of processing and value-added production within the sector. Extra-EU supply is concentrated among a relatively small number of exporters, particularly Ecuador, Mauritius, Papua New Guinea, Seychelles and the Philippines. These suppliers have benefited from preferential access to the EU market.

Thailand followed a markedly different trajectory. Although it remains one of the world's largest exporters of canned tuna, its exports to the EU began to fall sharply around 2014–2015, while Ecuador and several other preferential suppliers maintained or expanded their market shares. Thailand's graduation out of GSP in 2015 and the improved access available to competitors (under either GSP or FTAs) are therefore likely to have reinforced its declining position in the EU market.

**Figure 1: EU imports of prepared tuna from major non-EU suppliers over time**

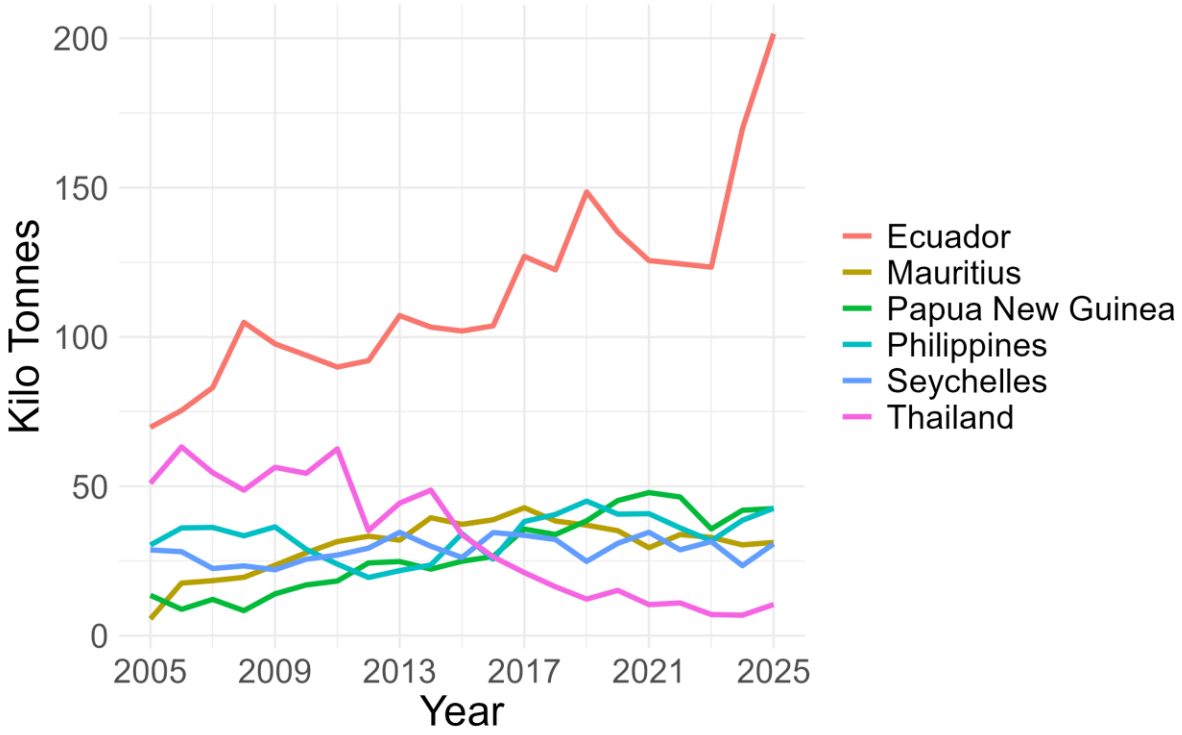
[470] International Labour Organization. (2020). *Endline research findings on fishers and seafood workers in Thailand*.

[471] Lee, J., Rogovin, K., & Musikawong, S. (2024). Discrimination during COVID-19: Assessing migrant workers' vulnerability to forced labor in Thailand's seafood industry. *Asian and Pacific Migration Journal*, *33*(2).

[472] U.S. Department of Labor, Bureau of International Labor Affairs, Office of Child Labor, Forced Labor, and Human Trafficking. (2024). *Supply Chain Study on Forced Labor in the Fishing Industry in Thailand*. ICF Macro, Inc.

[473] Thai Tuna Industry Association (TTIA). (2024). *Press release on EU–Thailand FTA and tuna sector*.

[474] Market Advisory Council. (2024). *Advice on EU–Thailand FTA negotiations*.




Source: COMEXT

Thailand's production model is also distinct from that of more vertically integrated exporters. It operates primarily as a processing hub, importing raw tuna from numerous countries and vessels before re-exporting prepared products. In 2025, its principal reported suppliers included Taiwan (19.3%), the Federated States of Micronesia (11.1%), the Republic of Korea (10.5%), Vanuatu (8.7%) and Indonesia (8.2%), where in brackets we include Thailand's principal suppliers of tuna inputs.[475]

This multi-origin production model has important implications for the FTA. It increases the complexity of catch certification and traceability and, more importantly, may limit Thailand's access to preferential tariffs where the underlying tuna must satisfy EU rules of origin.

### 8.3.3 Tariffs and preferential access

The EU tariff structure facilitates access to raw materials for EU processors while maintaining protection for finished tuna products. Raw tuna imported for industrial processing may enter duty-free under end-use provisions, while an annual autonomous tariff quota permits 35,000 tonnes of tuna loins to enter at zero duty; this quota is typically exhausted rapidly.[476] Prepared and

[475] Thailand Department of Fisheries

[476] Europêche. (2020). *Position paper on autonomous tariff quotas (ATQs) for fishery products*.

preserved tuna, by contrast, faces an MFN tariff of up to 24%, which is the principal tariff barrier affecting Thai exports.

Preferential agreements have therefore shaped competition in the EU market. Ecuador obtained duty-free access first under GSP+ and subsequently through the EU–Andean Agreement; Papua New Guinea received duty-free access under the Pacific EPA; and the Philippines gained GSP+ status in 2014. Thailand lost its GSP eligibility in 2015, increasing the relevant tariff by approximately 3.5 percentage points, while the tariff for Ecuador, PNG and the Philippines went down to 0%.

Thailand also received an EU IUU yellow card in 2015. The yellow card did not itself impose tariffs, quotas or an import ban, but it created uncertainty over possible future market restrictions and may have encouraged EU importers to diversify their sourcing. It was lifted in 2019 after Thailand implemented reforms to fisheries legal framework, fleet management as well as monitoring, enforcement and traceability.[477] The simultaneous tariff change, yellow card and improved preferences for competing suppliers mean that their individual effects cannot be cleanly separated, but together they coincided with the sharp decline of Thailand's EU trade position from 2015 onwards.

#### 8.3.3.1 Regulatory and Operational Conditions

Tuna exports to the EU must comply with catch-certification, traceability and food-safety requirements. Since 2010, marine fish imports have required validated catch certificates demonstrating that the fish were legally caught. For Thailand, compliance is complicated by the need to connect fish sourced from numerous flag states and vessels to the relevant certificates and processing documentation.

The EU lifted the yellow card in 2019 after concluding that the identified deficiencies had been addressed. Recent legislative developments in Thailand are again raising concerns putting a question mark over the country compliance with the EU requirements related to the fight against the Illegal, Unregulated and Unreported fishing. Thailand's dispersed supply chain also creates greater verification demands than production models in which fishing and processing are more closely integrated. These conditions may affect both the cost of supplying the EU market and Thailand's ability to benefit from future tariff preferences.

### 8.3.4 Relevant FTA Channels

Likely provisions must be inferred from previous EU agreements. EU treatment of tuna has varied by period and partner. Older agreements granted broad duty-free access to ACP countries such as Papua New Guinea, Mauritius and Seychelles, reflecting their development needs and, in

[477] European Commission. (2019). *Commission lifts Thailand yellow card*.

some cases, geographical remoteness.[478,479] The EU also granted generous access to some Latin American partners, including Ecuador, when they were less significant exporters. More recent agreements have been more restrictive: processed tuna is excluded under the EU–Mercosur agreement and subject to tariff-rate quotas under the agreements with Vietnam and Indonesia, with a particularly limited quota for Indonesian canned tuna.[480,481,482] These recent agreements are therefore better comparators for Thailand.

Rules of origin may be as important as tariffs. EU agreements generally require tuna to be "wholly obtained" by the partner country, including when used as an input in processed tuna products. Thailand's reliance on imported raw tuna therefore creates a substantive constraint: the issue is not only verifying origin, but obtaining sufficient tuna that qualifies under the rule. The Pacific EPA is the sole major exception from the EU strict approach on rules of origin. Its "global sourcing" provision allows non-originating tuna to qualify after processing for preferential access to the EU market, reflecting the exceptional development needs and remoteness of Pacific states.[483] No other EPA provides comparable treatment, and Thailand does not share this development or geographical profile. Pacific-style global sourcing is therefore unlikely; bilateral cumulation or a limited origin derogation would be more conventional flexibilities.

The reviewed agreements do not relax substantive EU sanitary and phytosanitary requirements. They may strengthen regulatory cooperation, transparency and capacity building, but do not lower EU standards relating to food safety and traceability.[484]

Beyond trade provisions, the implementation of the TSD chapter could also bring greater scrutiny on working conditions in Thailand's fishing sector, including the tuna processing industry and further raise the sensitivity of trade liberalisation. As explained in the social analysis, despite the notable progress accomplished regarding forced and child labour in Thailand's fishing and seafood industry, migrant workers continue to be vulnerable to various forms of worker's rights violations. A 2024 ILAB report dedicated to forced labour in the Thai fishing industry estimated that 10% of fish processing workers met the conditions of forced labour.

[478] European Commission. (n.d.-a). *EU–CARIFORUM Economic Partnership Agreement*.

[479] European Commission. (n.d.-c). *EU–Pacific States interim Economic Partnership Agreement*.

[480] European Commission. (2020). EU–Vietnam Free Trade Agreement: Tariff schedule and market access provisions.

[481] European Commission. (2025a). *EU–Indonesia Comprehensive Economic Partnership Agreement: Tariff schedule and market access provisions.*

[482] European Commission. (2025b). *EU–Mercosur Interim Trade Agreement: Tariff elimination schedule and market access provisions.*

[483] European Commission. (n.d.-c). *EU–Pacific States interim Economic Partnership Agreement*.

[484] European Commission. (n.d.-c). *EU–Pacific States interim Economic Partnership Agreement*.

Additionally, Thailand's tuna industry presents environmental risks at different stages of the supply chain: upstream, by putting pressure on fish stocks in a region long associated with IUU fishing; at the processing stage, through the release of wastewater containing high concentrations of nutrients, organic compounds, and total nitrogen.[485] The draft TSD Chapter includes an article on "Trade and marine biological resources and aquaculture" that could strengthen cooperation on marine conservation, building upon the recent reforms undertaken by the Thai government in this realm.

More broadly, the provisions and enforcement mechanisms of the TSD chapter have the potential to strengthen regulatory cooperation, transparency and capacity building on labour and environmental issues, and foster increased cooperation between stakeholders (business representatives, trade unions, environmental NGOstrade associations), through Domestic Advisory Groups (DAGs). All those may facilitate compliance with the relevant EU sustainability measures, such as the Forced Labour Regulation and EU rules on IUU fishing.

### 8.3.5 Likely Impacts of the FTA in the Sector

Empirical evidence from historical policy changes suggests that trade in tuna is highly responsive to changes in tariff preferences. A synthetic-control comparison around Thailand's loss of GSP eligibility in 2015 provides a useful benchmark.[486] The control group is constructed from countries whose trade status with the EU remained unchanged over the period. As shown in figure 2, Thailand's exports to the EU diverge sharply from the synthetic counterfactual[487] following the removal of GSP preferences. While pre-treatment trends track closely, post-2015 exports fall substantially, reaching declines of approximately 60–70% relative to the counterfactual by the end of the period.

This result should be interpreted with caution. The period also coincided with improved preferential access for competing suppliers, notably the Philippines obtaining GSP+ status and Ecuador's continued expansion under preferential arrangements, which may have generated trade diversion and affected the synthetic counterfactual. Thailand was also subject to an EU IUU yellow card between 2015 and 2019. Although the yellow card did not itself alter tariffs or formally restrict trade, it may have increased uncertainty and encouraged importers to diversify their sourcing. However, Thai exports did not recover after the yellow card was lifted in 2019 and

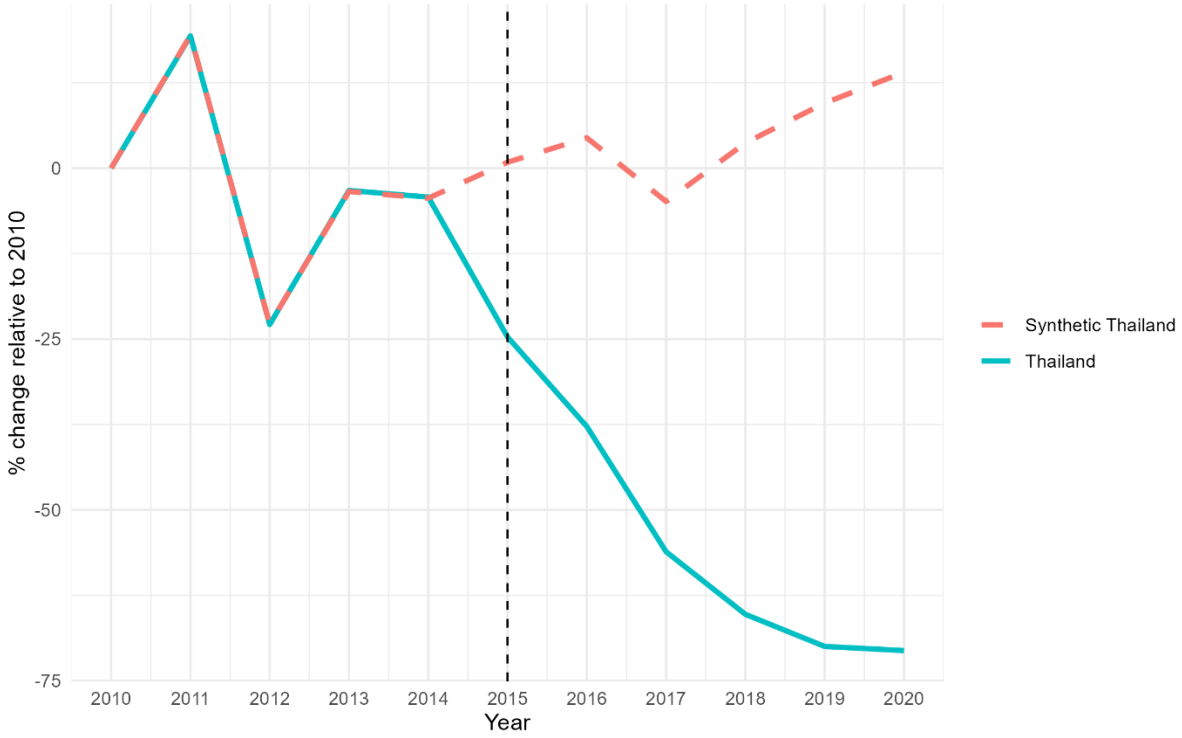
[485] Hoang, T. H. A., Shahsavari, E., Bott, N. J., & Ball, A. S. (2021). *Options for improved treatment of saline wastewater from fish and shellfish processing.* Frontiers in Environmental Science, 9, Article 689580. https://doi.org/10.3389/fenvs.2021.689580

[486] GSP studies provide a useful benchmark for the effect of losing tariff preferences, but the effect may not be symmetric: the observed decline after the loss of GSP does not necessarily mean that improved preferences under an FTA would generate an equivalent increase in exports

[487] A synthetic counterfactual is a data-constructed estimate of how the outcome would have evolved in the absence of the policy, built as a weighted combination of comparable cases that did not experience it.

remained depressed in 2020.[488] This persistence is more consistent with the continuing loss of tariff preferences than with a temporary yellow-card effect, although the two channels cannot be cleanly disentangled. The loss of GSP preferences increased the relevant tariff by 3.5 percentage points and was associated with a substantial and persistent contraction in exports.

**Figure 2: Thailand–EU tuna exports relative to the synthetic counterfactual after 2015**




Source: BACI, author's own calculations.

Model-based evidence from DG Trade's CGE framework points in a similar direction. Under a conservative scenario, in which ad valorem equivalent (AVE) tariffs on tuna are modelled to fall from 29.2% to 21.9%, Thai exports are estimated to increase by approximately $96.6 million per annum.[489] Under a more ambitious scenario, with tariffs modelled to be reduced to 14.6% AVE, the projected increase rises to around $161 million annually.

These effects are large relative to current trade flows: in 2025, EU imports of tuna from Thailand amounted to approximately €52.3 million and 11.4 kilotonnes. Almost all of this trade consisted of

[488] Further years are not analysed due to the disruption of the COVID pandemic on global trade.

[489] The 29.2% figure is the ad valorem equivalent used as the baseline in DG Trade's CGE framework and is not directly comparable to the 24% MFN customs duty cited above. The AVE combines the applied tariff with an estimated tariff-equivalent of non-tariff measures affecting Thai tuna exports to the EU. The two scenarios therefore represent a partial reduction of the combined barrier rather than a cut in the customs duty alone.

prepared tuna, valued at €48.9 million. The modelled gains therefore imply a substantial expansion relative to recent observed trade flows.

The bulk of the effect in the CGE modelling is driven by increased Thai exports to the EU, rather than broader general equilibrium adjustments. Impacts on other regions appear limited in aggregate terms, with the model suggesting a reduction of approximately €8.5 million annually in Latin American exports under the ambitious scenario, likely concentrated in Ecuador. Within the EU, the model also indicates a decline in intra-EU trade in tuna products, reflecting substitution toward external suppliers following tariff reductions. Overall, both empirical and model-based evidence point to a high degree of responsiveness of trade flows to changes in market access conditions.

These aggregate EU-wide effects may mask more concentrated adjustment pressures in fisheries-dependent regions. In the Azores, tuna represented 61% of fleet landings by weight (6,101 tonnes) and 31% of first-sale value in 2023, while the fleet segment principally targeting tuna supported 288 jobs, equivalent to 182 full-time positions, in 2022.[490,491] Canned tuna accounts for an estimated 40–60% of the region's fishery-related exports, and the SCA cannery on São Jorge employs more than 130 workers, demonstrating that this exposure extends into processing. [492,493] Improved access for Thai prepared tuna could therefore place pressure on Azorean processors and the local fleet, although the available evidence does not permit the resulting employment effect to be quantified.

These estimates should be interpreted with caution. For tractability, the model represents liberalisation as smooth reductions in AVE and does not capture tariff-rate quotas nor the extent to which rules of origin, Thailand's lack of a domestic tuna fishing fleet, and catch-certification requirements may constrain export expansion. As such, TTIA similarly questioned whether gains of this magnitude could be realised in practice.

There is no direct evidence on the magnitude of tariff pass-through to EU retail tuna prices, and it cannot be estimated reliably with the available data. Retail prices reflect several stages of the value chain—including processing, branding and distribution—making it difficult to isolate the contribution of tariffs.

[490] DGRM. (2024). *Annual Report on the Portuguese Fishing Fleet – 2023*.

[491] STECF. (2024). *The 2024 Annual Economic Report on the EU Fishing Fleet (STECF 24-03 & 24-07)*. Publications Office of the European Union.

[492] Wakeford, R. C., et al. (2021). *Overview of the State of Data Collection and Scientific Advice in the EU Outermost Regions*. European Commission.

[493] ADELIAÇOR MAR. (2023). *Candidatura ao Reconhecimento dos GAL e Seleção das Estratégias de Desenvolvimento Local (2021–2027): ADELIAÇOR|MAR*.

Nevertheless, observed trade responses provide indirect evidence that tariffs affect upstream prices and sourcing decisions.[494] Thai exports to the EU fell sharply after 2015 despite an increase in the statutory tariff of only around 3.5 percentage points, although the simultaneous IUU yellow card and improved preferential access for competing suppliers prevent the tariff effect from being isolated cleanly. Together with the CGE results, this suggests that importers and processors are highly responsive to changes in relative import costs and that tariff changes are likely to be reflected at least partly in prices at the import or wholesale stage. Given competition in downstream markets, some pass-through to consumer prices is therefore plausible, although its magnitude cannot be quantified.

### 8.3.6 Conclusions

Tuna is likely to remain a sensitive sector in the EU–Thailand negotiations. Historical and model-based evidence suggests that improved market access could generate substantial increases in Thai exports, although the precise magnitude is uncertain and recent EU agreements indicate that processed tuna may receive quota-limited rather than unrestricted duty-free access. The practical value of any tariff preference will also depend on Thailand's ability to obtain originating raw tuna and on any agreed cumulation or limited origin derogations. These potential gains for Thai tuna sector must be balanced against adjustment pressures on EU producers and continued requirements concerning traceability, sustainable fisheries and labour protection.

## 8.4 Automotive industry

### 8.4.1 Sector Relevance and Role in the FTA

The automotive sector is a strategically central component of EU–Thailand economic relations and a priority area in ongoing FTA negotiations. Its relevance stems from its scale, its integration into global value chains, and its sensitivity to trade policy. The automotive sector is also being reshaped by the transition from internal combustion engine (ICE) vehicles to electric vehicles (EVs). As both the EU and Thailand promote EV adoption and production, trade in components, batteries, electronics, and other intermediate goods may become increasingly important. Greater trade liberalisation under the FTA could therefore deepen integration into regional and global EV-related value chains.[495]

[494] Campling, Liam (2016). Trade politics and the global production of canned tuna, Marine Policy, Volume 69, Pages 220-228. https://www.sciencedirect.com/science/article/pii/S0308597X16000506.

[495] See, e.g., The Board of Investment of Thailand (2026). EV Board Gives the Green Light to EV 3.5 Package, Positioning Thailand as the Key Regional Hub for Electric Vehicle Manufacturing. Available at https://www.boi.go.th/un/boi_event_detail?module=news&topic_id=134676&language=en.

Thailand is the largest automotive producer in Southeast Asia and among the leading producers globally. The sector accounts for a significant share of industrial output and economic activity and has attracted sustained foreign direct investment from major global manufacturers.[496] This has resulted in a dense and vertically integrated production ecosystem linking Original Equipment Manufacturers (OEMs) and suppliers across multiple tiers. Thailand has developed one of the largest automotive manufacturing bases in Southeast Asia and plays an important role in regional and global automotive value chains. The sector is characterised by large multinational manufacturers, extensive supplier networks, and export-oriented production supported by long-standing industrial policies and relatively developed manufacturing infrastructure.

Historically, Japanese firms have dominated Thailand's automotive sector, particularly in internal combustion engine (ICE) vehicle and pickup truck production. More recently, Thailand has attracted growing investment linked to electric vehicle (EV) production, including from Chinese manufacturers seeking to expand regional production capacity in Southeast Asia.[497] European presence is mostly focused in niche and luxury segments. The sector combines major assemblers and multinational suppliers with a broad network of domestic component producers and SMEs operating across supply chains. This structure increases the importance of trade policy, rules of origin, and regulatory compatibility, as firms rely heavily on cross-border sourcing of components and intermediate goods.[498]

The composition of trade reflects distinct competitive advantages. EU exports are concentrated in higher-value automotive segments, particularly motor vehicle parts and accessories (HS 8708) – including components such as brakes, gearboxes, axles, wheels, suspension systems and other vehicle parts – as well as passenger cars and other motor vehicles principally designed for the transport of persons (HS 8703). By contrast, imports from Thailand are more concentrated in finished vehicles, notably passenger cars (HS 8703), and motorcycles, including mopeds and cycles fitted with an auxiliary motor (HS 8711). This pattern points to a differentiated bilateral trade structure, with EU exports relatively more oriented towards specialised components and higher-value vehicles, while Thai exports have a stronger concentration in assembled vehicles and motorcycles. The sector is also at the centre of Thailand's industrial strategy, particularly in the transition to electric vehicles. The sector is closely linked to Thailand's long-standing automotive

[496] Luther (2023). Accelerating growth: advantages and challenges of foreign direct investments in Thailand's automotive sector. Available at https://www.luther-lawfirm.com/fileadmin/user_upload/PDF/Broschueren/Geschaeftsaktivitaeten_im_Ausland/Thailand/NF_Thailand_s_automotive_sector_EN_V1.pdf.

[497] See, e.g., MSG Asia (2026). Thailand EV Policy 2026. Available at https://www.mcg-asia.com/featured-insights/thailand-ev-policy-2026#:~:text=The%20country%20is%20navigating%20a,neighbours%2C%20who%20are%20increasingly%20competitive.

[498] See, e.g. Krungsri (2026). Industry Outlook 2026-2028: Auto Parts Industry. Available at https://www.krungsri.com/en/research/industry/industry-outlook/hi-tech-industries/auto-parts/io/auto-parts-2026.

industrial policy, which has supported a range of vehicle technologies through fiscal incentives, subsidies and investment-promotion schemes, often subject to localisation and local-content requirements. More recently, these policies have increasingly included targeted support for electric vehicles and associated battery and component production.[499] This transformation is reshaping production structures and attracting new investment, including from Chinese manufacturers.[500] Given these dynamics, the automotive sector is highly sensitive to tariff barriers, rules of origin, and regulatory frameworks, making it a key test case for assessing the ambition and potential impact of the EU–Thailand FTA.

### 8.4.2 Baseline Market Conditions and Key Barriers

This section establishes the pre-FTA baseline by analysing bilateral trade patterns, tariff structures, regulatory barriers, industrial policy, and market conditions affecting the automotive sector. EU-Thailand automotive trade is characterised by complementary specialisation. EU exports are concentrated in high-value passenger vehicles and automotive parts, while imports from Thailand are broader and include passenger cars, motorcycles, commercial vehicles and components. Thailand has developed into a major regional manufacturing hub integrated into global automotive value chains, resulting in a persistent EU trade deficit in the sector.

A key market barrier is the significant asymmetry in tariff protection. The EU applies relatively low and stable tariffs, whereas Thailand maintains substantially higher tariffs, particularly on finished vehicles. Passenger car tariffs exceeding 70% remain one of the principal obstacles to EU exports. Thailand also provides fiscal incentives for automotive production, especially for electric vehicles. Many manufacturers operating in Thailand benefit from BOI incentives or free-zone schemes, which reduce or eliminate duties on imported machinery, raw materials and components subject to origin requirements. Apart from import duty incentives, the Thai government also provides excise tax incentives in favour of domestic hybrid electric and electric vehicles if they meet specified localisation requirements.

Non-tariff measures are an important determinant of market access. Technical regulations, conformity assessment procedures, certification requirements and administrative processes increase compliance costs and can delay market entry. Although Thai regulations often draw on UN and European standards, differences in implementation and testing continue to create barriers. Environmental regulation and the transition towards electric vehicles are further increasing regulatory complexity. Survey evidence indicates that European companies consider regulatory transparency, simplified administrative procedures and reduced compliance costs as

[499] ISEAS (2025). The Thai Automotive Industry in Troubled Transition. Available at https://www.iseas.edu.sg/wp-content/uploads/2025/04/ISEAS_Perspective_2025_41.pdf.

[500] CNA (2025). Caught between two giants, automotive powerhouse Thailand tries to get moving again. Available at https://www.channelnewsasia.com/asia/thailand-automotive-evs-china-production-tariffs-5284516.

essential for fully benefiting from the FTA. Overall, regulatory barriers remain one of the most significant constraints on deeper bilateral integration.

Thailand's automotive sector is shaped by active industrial policies, including tariffs, subsidies, localisation requirements and regulatory measures. Government support increasingly focuses on electric vehicle production and technological upgrading, although localisation conditions influence sourcing decisions and investment patterns.

Recent market conditions have weakened amid declining domestic demand, high household debt, tighter credit conditions and higher energy costs, while intensifying competition from imported electric vehicles, particularly from China, has placed additional pressure on domestic vehicle production. These developments have prompted calls for further government support. Most recently, Thai automotive industry associations have proposed higher excise taxes on fully imported electric vehicles, while the government is considering a broader reform of automotive excise taxation that would provide more favourable treatment to manufacturers producing in Thailand and using locally sourced components.[501] If implemented, such measures would reinforce the existing policy differentiation between imported vehicles and vehicles produced locally. Together with existing tariffs, investment incentives and localisation requirements, these measures contribute to a policy environment characterised by significant government intervention in the automotive sector.

**Table 10: Overview of trade-related policy interventions in the Thai automotive sector**

| Type of intervention | Examples | Likely impact |
|---|---|---|
| Tariff measures | High import tariffs on vehicles and components | Protect domestic production, raise entry costs |
| Fiscal incentives | EV subsidies, tax incentives, including Excise tax design in favour of local production | Promote electrification, influence investment and sourcing decisions |
| Localisation requirements | Conditions tied to incentives | Affect sourcing decisions, limit foreign inputs |
| Regulatory measures | Standards, certification procedures | Increase compliance costs |

[501] Reuters (2026). *Thailand to cut excise tax for car production, minister says*. Available at https://www.reuters.com/world/asia-pacific/thailand-cut-excise-tax-car-production-minister-says-2026-08-07/.

| Type of intervention | Examples | Likely impact |
|---|---|---|
| Trade-related controls | Licensing, administrative requirements | Affect market entry and timing |

Source: Global Trade Alert (GTA) database.

### 8.4.3 FTA Provisions Affecting the Automotive Sector

The final impact of the EU-Thailand FTA will depend on the scope of tariff liberalisation, rules of origin and regulatory cooperation agreed during negotiations. Reducing Thailand's comparatively high automotive tariffs is expected to improve market access for EU exporters and strengthen integration of automotive supply chains, particularly for electric vehicle technologies and intermediate goods.

Rules of origin will determine firms' ability to benefit from tariff preferences. They should balance commercial flexibility with sufficient local value creation. Overly restrictive rules may reduce utilisation of preferences, while excessively flexible rules could weaken incentives for production and investment within the Parties.

Regulatory cooperation is expected to generate significant economic benefits by reducing non-tariff barriers. EU proposals promote greater convergence with UNECE regulations, wider recognition of type-approval certificates and improved cooperation on conformity assessment, transparency and market surveillance. These measures could substantially reduce compliance costs for firms operating across integrated supply chains. Improved implementation of international labour standards could contribute to better working conditions in Thailand's automotive sector, including for subcontracted workers, while supporting responsible business practices.

### 8.4.4 Potential post-FTA Outcomes and Market Response

This section assesses the likely effects of the FTA on trade, investment, supply chains and the transition towards electric vehicles. Tariff liberalisation is expected to generate substantial trade expansion. The largest gains are likely in passenger vehicles and automotive parts, reflecting Thailand's currently high tariff protection. The CGE modelling projects strong export growth for both partners under both the conservative and the ambitious liberalisation scenarios, with particularly significant expected increases in vehicle trade. The magnitude of gains depends on the depth of tariff liberalisation. However, existing BOI incentives and free-zone schemes already reduce import costs for many manufacturers operating in Thailand and may therefore moderate some of the estimated FTA gains.

**Table 11: CGE-based Export Effects in the Automotive Sector, bilateral exports (USD million)**

| Sector | EU exports (Conservative) | EU exports (Ambitious) | Thailand exports (Conservative) | Thailand exports (Ambitious) |
|---|---|---|---|---|
| Cars & trucks | +1,940.9 (**+69.6%**) | +4,868.2 (**+174.6%**) | +2,505.9 (**+95.8%**) | +2,708.1 (**+103.6%**) |
| Car parts | +1,024.0 (**+353.2%**) | +1,011.1 (**+348.8%**) | +23.8 (**+49.9%**) | +26.2 (**+54.9%**) |
| Transport equipment | +189.7 (**+32.3%**) | +191.4 (**+32.5%**) | +478.4 (**+51.6%**) | +479.4 (**+51.7%**) |

Source: DG Trade CGE modelling.

However, car manufacturers including European ones in Thailand are using incentives either under the BOI or free zones (or both) as indicated above, which allows to import raw materials and parts as well as machinery at reduced or free duty. These are important contextual conditions to take into account when considering these results, as these conditions could diminish the estimated gains from the EU FTA in the simulation.

The FTA could strengthen integration of EU firms into Thai production networks while supporting greater Thai exports of vehicles and components to the EU. The extent of supply-chain adjustment will depend largely on the final design of rules of origin.

Lower tariffs, greater regulatory certainty and improved regulatory cooperation could stimulate bilateral investment. EU firms may expand production in Thailand to serve ASEAN markets, while Thailand could increase investment in EU component manufacturing and battery-related industries. Investment outcomes will also depend on broader developments in global automotive markets.

The shift towards electric vehicles is transforming production structures in both economies. Thailand continues to promote EV production while remaining strongly dependent on conventional vehicle manufacturing. The FTA could reinforce this transition by facilitating trade and investment in EV technologies and components, although adjustment is likely to differ across firms depending on technological capabilities and integration into global value chains.

Recent exporter rankings provide an indication of how this transformation is already changing the composition of firms supplying the EU market[502]. In passenger vehicles (HS 8703), Mitsubishi Motors Thailand was the largest Thai-based exporter to the EU in both 2023 and 2024, followed by established Japanese manufacturers including Toyota and Nissan. By 2025, however, BYD

[502] Thailand Ministry of Commerce, Office of the Permanent Secretary, Thailand Trade Report database, exporter lists by HS code and destination country, 2023–2025."

Auto Thailand had become the largest exporter of passenger vehicles from Thailand to the EU. BMW Manufacturing Thailand also ranked among the leading exporters, while Nissan and Toyota remained within the top ten. This points to a rapid diversification of Thailand's passenger-vehicle export base, with Chinese EV manufacturers emerging alongside the country's long-established Japanese and European production presence.

The picture is more stable in other automotive segments. In goods vehicles (HS 8704), Isuzu Motor International Operations and Ford Motor Company Thailand remained the two leading exporters to the EU throughout 2023–2025, while exporter rankings for automotive parts (HS 8708) and motorcycles (HS 8711) also show considerable continuity. This suggests that the potential benefits of improved EU market access would extend beyond newly established EV producers to Thailand's broader automotive manufacturing ecosystem, including established Japanese, European and US manufacturers and specialised component suppliers.

### 8.4.5 Constraints, Adjustment Costs, and Political Economy

Despite significant opportunities, several factors may limit or delay the benefits of the FTA. Thailand remains heavily dependent on conventional vehicle production, while capabilities in key EV technologies continue to develop. Infrastructure, skills shortages and technological upgrading requirements may slow adjustment, particularly among smaller suppliers. Industrial policies, localisation requirements and regulatory complexity may continue to influence sourcing decisions, investment and market entry. Administrative burdens and limited regulatory transparency remain important obstacles for businesses.

Possible excise tax increase against imported electric vehicles under discussions (current proposal by domestic industry: approximately +30% based on retail price), if confirmed, will have significant impacts on European brands that rely heavily or solely on imports and may result in an even smaller share of European vehicles in the Thai market.

FTA benefits are also likely to be unevenly distributed. Large internationally integrated manufacturers are generally better positioned to benefit than smaller domestic suppliers, which may face stronger competitive pressures during the transition towards electric vehicles.

Labour market adjustment may involve job losses in conventional automotive activities alongside new employment opportunities in EV-related production. Complementary policies, including supplier upgrading, workforce reskilling and regulatory simplification, will therefore be important to maximise the benefits of liberalisation while reducing adjustment costs.

### 8.4.6 Policy Lessons for FTA Negotiations

The analysis of the automotive sector highlights several key lessons for the design and implementation of the EU–Thailand FTA. These relate not only to tariff liberalisation, but also to the broader framework conditions that determine whether firms can effectively benefit from improved market access. In particular, the interaction between tariffs, rules of origin, regulatory

cooperation, and adjustment dynamics will be critical in shaping the agreement's overall economic impact. Overall, survey evidence underscores that businesses place particular importance on reducing regulatory complexity and improving transparency, suggesting that non-tariff barriers are a central determinant of the agreement's effectiveness.[503] In addition, it is important to note that the coexistence of emerging EV value chains and established ICE-oriented manufacturing structures may lead to uneven adjustment processes across firms and supply chains. While some producers and suppliers may benefit from new investment opportunities linked to batteries, electronics, and digitally integrated vehicle systems, others – particularly firms specialised in conventional engine components – may face restructuring pressures and increased competitive challenges.

Reducing Thailand's comparatively high tariffs – especially on passenger vehicles and selected components – is central to unlocking trade potential. Given the current asymmetry in tariff structures, meaningful liberalisation would significantly improve market access for EU exporters and is likely to be a primary driver of trade gains. At the same time, benefit from tariff reduction or elimination could be diluted by possible introduction of internal (excise) tax in favour of domestic products, precautionary exercise is therefore important.

The fact that all car manufacturers including European ones in Thailand are using incentives either under the BOI or free zones (or both) allows them to import raw materials and parts as well as machinery at reduced or free duty. It is important to take these contextual conditions into account when considering these results, as they could diminish the estimated gains from the EU FTA in the simulation.

Rules of origin will play a decisive role in determining preference utilisation. Workable rules are important to accommodate complex and globally integrated supply chains, particularly in a production hub such as Thailand. However, excessively flexible RoO may weaken incentives for investment and value creation within the Parties, while overly restrictive rules could limit the practical benefits of tariff reductions. They should therefore strike a balance between reflecting the realities of modern supply chains and ensuring a meaningful level of local value added within the Parties.

Addressing non-tariff barriers is key to reducing trade costs and enhancing market access. Effective regulatory cooperation – including alignment or mutual recognition of standards and streamlined conformity assessment procedures – can significantly complement tariff liberalisation and improve the functioning of cross-border supply chains.

[503] According to the 2025 EABC survey, over 76% of European businesses expect the EU–Thailand FTA to improve operations, but emphasise that regulatory simplification is essential for realising these benefits. The European Chamber of Commerce Thailand (2025). Survey Report on Expectations and Challenges of an EU-Thailand Free Trade Agreement (FTA). Available at https://www.eabc-thailand.org/wp-content/uploads/2026/02/2025-Survey-report-Expectations-and-Challenges-of-an-EU–Thailand-Free-Trade-Agreement-FTA-21.pdf.

Complementary policies will be important to support structural adjustment and maximise the agreement's benefits. This includes regulatory simplifications, facilitating supplier upgrading, supporting workforce transitions, and ensuring that firms can adapt to technological change, particularly in the context of the shift towards electric mobility. Such measures are particularly relevant in mitigating potential distributional pressures that may otherwise translate into resistance to liberalisation.

Thailand's automotive sector can serve as a testcase for both the challenges and opportunities of protecting labour rights in the manufacturing sector, most notably freedom of association and collective bargaining. While the automotive sector enjoys higher wages, stronger union density and greater social protection compared to other sectors, there is also ample scope for greater compliance with both international labour standards and responsible business practices.[504]

## 8.5 Maritime transport

### 8.5.1 Sector Relevance and Baseline

The maritime transport sector serves as the structural foundation of global trade, facilitating over 80 percent of international merchandise trade by volume[505]. In 2025, Thailand's merchandise exports and imports reached approximately 300.6 billion EUR and 305.3 billion EUR respectively, around 120% of its GDP, reflecting a trade-dependent economy where maritime logistics performance is a key determinant of trade facilitation[506]. Container throughput reached 10.3 million Twenty-foot Equivalent Units (TEUs), with the Port of Laem Chabang – one of the busiest ports in the world[507] –

[504] From a social perspective, Thailand's automotive sector can serve as a testcase for both the challenges and opportunities of protecting labour rights in the manufacturing sector, most notably freedom of association and collective bargaining. As discussed in the social analysis, various legal restrictions in Thailand have undermined these fundamental rights at work and deprived certain categories of workers (e.g. subcontractors) from protection, including in the automotive sector. A recent report by the ILO notes that while the automotive sector enjoys higher wages, stronger union density and greater social protection compared to other sectors, there is also ample scope for greater compliance with both international labour standards and responsible business practices.

[505] Regional Disruptions Drive Changes in Global Container Port Performance Ranking

[506] Report on Thailand's international trade statistics. (Year) Summary Trade Year 2026 (Jan - Jul)

[507] ASEAN ports are becoming smarter and greener. Here's how it benefits SMEs

handling 8.67 million TEU in 2023, against 1.259 million TEU at Bangkok Port[508]. Phase 3 of Laem Chabang is planned to increase annual container capacity from 11 million to 18 million TEU[509]. The project includes new terminals and stronger rail links, supporting the Eastern Economic Corridor's role as a regional logistics hub. Thailand has 195 international ports, though the major gateways are concentrated in a few strategically important facilities[510], and domestic waterborne transport remains economically relevant, with 32.916 million tons carried on the Chao Phraya and Pa Sak rivers in 2023[511].

For the EU, the sector is a vital conduit for its "Global Gateway" strategy[512], and it matters for the FTA in two ways. First, the economic case depends not only on tariff preferences but on whether firms can move goods predictably through efficient logistics networks and well-functioning ports – especially in bilateral trade dominated by industrial and manufactured products. Secondly, maritime transport and related port and logistics activities are traded services in their own right, whose openness and reliability affect both merchandise flows and the ability of EU and Thai suppliers to provide services and establish locally. Thailand's ambition under "Thailand 4.0" and the Eastern Economic Corridor (EEC) to become the logistics heart of ASEAN[513] adds a further strategic dimension.

Thailand's main locally owned maritime service providers, based on fleet capacity[514], include Precious Shipping (dry bulk and cement carriers), Prima Marine (petroleum transport), Regional Container Lines (RCL) (container feeder and regional liner services), AMA Marine (oil and chemical tankers), and Sang Thai Navigation (general cargo). Among EU-headquartered liner carriers serving Thailand's main gateway port, Laem

[508] Port Authority of Thailand – Green port development, 2004

[509] Phase 3 of Laem Chabang is planned to increase annual container capacity from 11 million to 18 million TEU. The project includes new terminals and stronger rail links, supporting the Eastern Economic Corridor's role as a regional logistics hub.

[510] WTO Trade Policy Review: Thailand 2020

[511] Marine Department of Thailand - Statistical Data Report For the Fiscal Year 2023

[512] Global Gateway Forum: EU and partners accelerate maritime decarbonisation through Green Shipping Corridors

[513] Why Thailand's Eastern Economic Corridor Matters to Asia's Supply Chain Leaders

[514] Thai Shipowners' Association – Ship database

Chabang, the key operators are Maersk (Denmark), CMA CGM (France) and Hapag-Lloyd (Germany)[515].

### 8.5.2 Key Barriers and FTA-Relevant Baseline Conditions

Thailand's baseline combines significant physical capacity with a relatively interventionist institutional framework, centred on the Navigation in Thai Waters Act, the Thai Vessels Act, and the Mercantile Marine Promotion Act, administered by the Marine Department under the Ministry of Transport**Error! Bookmark not defined.**. The OECD identifies 27 potentially competition-restricting rules in sea and inland-water freight alone**Error! Bookmark not defined.**. The principal barriers therefore arise not from a single prohibition but from the interaction of shipping law, port governance, licensing rules, and foreign-investment controls.

A first barrier is the restrictive ownership and nationality regime. Under the Thai Vessels Act, B.E. 2481, as amended, a Thai-flagged vessel engaged in international shipping must be owned by a Thai natural person or a Thai-incorporated company with at least 51% Thai ownership, with at least 50% Thai crew; on domestic routes, the threshold rises to 70% Thai ownership and an all-Thai crew[516]. Cabotage is not permitted, save limited authorisation for foreign vessels where domestic ships are unavailable. These restrictions can be considered as major competitive constraints, and a cargo reservation policy for government and public-enterprise cargo further reinforces a protected space for Thai-linked shipping interests.

A second barrier concerns port and terminal participation. Apart from Map Ta Phut and Songkhla, Thailand's principal ports are owned by the Port Authority of Thailand (PAT); private terminal operators generally enter through 25–30 year concessions and must be Thai natural persons or legal persons with at least 51% Thai equity. PAT combines supervisory functions with operational functions, creating a structural conflict of interest, and port tariff approvals can limit the ability of private ports to compete on price[510]. Foreign firms may therefore obtain physical access to ports more easily than durable control over terminal operations or a level competitive environment within them.

A third set of barriers lies in the wider logistics services ecosystem. Foreign participation in transport-related services is shaped by the Foreign Business Act (FBA) and by restrictive licensing practice: foreign business licences are limited in number, broad administrative discretion applies to approvals, and additional conditions can be imposed

[515] Laem Chabang Port – Fluent Cargo

[516] The Thai Ships Act, B.E. 2481 (1938) and its amendments. Thai vessels Act BE 2481, as amended

on foreign firms alone[517]. For freight forwarding, the law allows quotas and licence caps and, in practice, no licence had been issued under the governing Act since its adoption[518], attributable to the absence of ministerial regulations establishing application procedures; multimodal operators must be incorporated under Thai law with a principal office in Thailand and minimum capital of SDR 80,000.

The EU is not fully open either, though its restrictions are narrower: third-country flagged vessels are excluded from cabotage between ports of the same Member State under Regulation 3577/92[519], and some Member States retain nationality or residency requirements for registration and crew[520]. International shipping to and from EU ports is open on a non-discriminatory basis under Regulation (EEC) No 4055/86[521], without cargo reservation or ownership caps; the asymmetry with Thailand lies primarily in the depth and breadth of restrictions rather than their complete absence on the EU side.

### 8.5.3 Relevant FTA Channels

The provisions with the most direct bearing on the sector sit in the services and investment pillar, where EU agreements include dedicated disciplines for international maritime transport services and maritime auxiliary services (cargo handling, storage or warehousing). A relatively ambitious outcome (i) anchors unrestricted access to international maritime markets on a commercial and non-discriminatory basis, (ii) ensures no less favourable treatment in access to ports, port infrastructure and port services, including related charges, and (iii) secures access to essential port services such as pilotage, towing, fuelling, waste disposal and berthing. Recent EU agreements (CETA, EU–Japan, EU–Viet Nam, EU-New Zealand, EU-UK TCA) all start from these building blocks and converge on a common fair access logic constraining cargo-sharing or cargo-reservation type practices.

[517] FOREIGN BUSINESS ACT, B.E. 2542 (1999)*

[518] This information is based on the views of market participants.

[519] Council Regulation (EEC) No 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage).

[520] Bilbao-Ubillos, J., Fernández-Sainz, A. & Payán-Azkue, R. State aid, EU maritime transport policies and competitiveness of EU country fleets. Eur. Transp. Res. Rev. 13, 7 (2021). https://doi.org/10.1186/s12544-020-00463-1

[521] Sea transport – supply of services, competition, unfair pricing and access to ocean trade

A second cluster of provisions affects the sector indirectly but materially, by shaping how quickly and predictably goods move through ports via customs and trade facilitation and digitalisation: pre-arrival processing enabling release on arrival, simplified and standardised data and documentation, risk management and automation (including single window style electronic submissions), facilitation of transhipment and transit, and transparency obligations. Recent EU agreements also provide that customs broker use should not be mandatory, with any licensing to be transparent, non-discriminatory and proportionate.

A third set of provisions shapes the enabling environment where market structures involve public ownership, exclusive rights, or state influence. EU agreements commonly pair a competition and subsidy framework applying to both private and public enterprises with a dedicated state-owned enterprises (SOE) discipline focused on commercial considerations, non-discrimination, and transparency. PAT's published environmental objectives could also anchor regulatory cooperation on port decarbonisation, linking Thailand's agenda to the EU's Green Shipping Corridors initiative.

### 8.5.4 Likely Impacts of the FTA in the Sector

Two broad scenarios[522] will be distinguished. Under an ambitious scenario, modelled on CETA and the EU–Japan agreement, the FTA would lock in the full set of disciplines described above: unrestricted access to international maritime markets, non-discriminatory access to ports, infrastructure and auxiliary services, protection against cargo reservation, and access to key port services. Under a moderate scenario, closer to Thailand's existing scheduling practice as reflected in its RCEP schedule, the agreement would preserve access to a defined list of port services (pilotage, towing, provisioning, fuelling, waste disposal, anchorage, berthing and similar services). The establishment of a juridical person to operate a Thai-flag fleet would remain unbound. Other forms of commercial presence would continue to be governed by the horizontal section and the FBA.

#### 8.5.4.1 Market Access, Ports and Auxiliary Services

For vessel access itself, binding commitments would primarily consolidate conditions that are already relatively open in practice – MFN treatment of ships and first-come, first-served berth allocation**Error! Bookmark not defined.** – while removing the legal space for future discriminatory measures. The more substantive change would come from guaranteed

[522] These scenarios are different from the scenarios used in the CGE modelling.

non-discriminatory access to ports, port infrastructure, related charges and maritime auxiliary services. Disciplines constraining cargo reservation would also narrow the protected space created by the reservation of government and public-enterprise cargo. The most sensitive ownership and cabotage rules concern domestic maritime activity. Commitments of this kind would be more feasible than changes to domestic routes or majority Thai ownership requirements, while still generating meaningful gains for European and Thai firms even where those restrictions remain.

#### 8.5.4.2 Commercial Presence and Firm Response

The commercial response would differ materially between the two scenarios. In the ambitious case, the main effect would be stronger incentives for shipping lines, maritime agents, freight forwarders, terminal-linked operators and multimodal providers to widen their local presence and service offering. Recent EU agreements cover not only vessel access but also maritime agency services, freight forwarding, cargo handling, storage and warehousing, customs clearance and door-to-door or multimodal operations. They also prevent measures that block direct contracting with other transport suppliers. Whether such commitments translate into actual entry, however, depends on domestic implementation and on effective competition enforcement. Thailand's RCEP reference paper is narrower, allowing local marketing and sales, procurement of related services, transport documentation and arrangements with locally established agencies. A moderate outcome would therefore support incremental expansion in agency, forwarding and logistics coordination, but would be less likely to trigger broader entry or restructuring.

#### 8.5.4.3 Transaction Costs, Customs and Supply-Chain Integration

The customs and trade facilitation package would be likely to generate the most immediate and broad-based effects, because it operates largely through binding commitments and does not touch the sensitive ownership questions. Pre-arrival processing, risk management, automation and single window style submissions would lower the cumulative transaction costs firms face when moving goods through the Thai port system, which arise not from any single restriction but from the interaction of multiple regulatory and administrative layers. Greater speed and predictability of release, transit and transhipment would strengthen the economic case for the agreement beyond tariff preferences and support deeper supply-chain participation by EU and Thai firms. The freight-forwarding and multimodal restrictions described above would, however, continue to limit the depth of these gains unless the FTA also addresses licensing and establishment conditions in the surrounding logistics ecosystem.

#### 8.5.4.4 Competition, Port Governance and State-Linked Actors

The effects on competition and port governance would depend most heavily on domestic reform rather than treaty text alone. As noted, PAT combines regulatory and operational functions; several governments have tried unsuccessfully to separate these roles, and PAT benefits from tax and duty exemptions that further shape competitive conditions[510]. An ambitious FTA would therefore require not just formal disciplines but changes to the administrative structure of port governance and to the privileges of entrenched state-linked actors – a politically and bureaucratically costly step. PAT's environmental mandate – an environmental policy adopted in 2011[523], a master plan to reduce $CO_2$ emissions[524] and a "Zero Pollution" objective for its facilities[525] – further entrenches its institutional position by adding a policy justification for centralised control over port development. SOE and competition disciplines could nevertheless improve competitive neutrality at the margin: transparency of concession allocation, publication of port charges and licensing criteria, and review mechanisms for administrative decisions would help foreign and domestic operators compete under clearer conditions, even without full structural separation.

The political economy of reform is further shaped by both state interests and established Thai-owned operators. On the state side, the government retains a 30% equity stake in Thai Maritime Navigation Co., Ltd., while a cargo reservation policy still applies to government and public-enterprise cargo where Thai-flagged vessels are available[510]. In the private sector, significant Thai operators include SCGJWD in integrated logistics, terminals and multimodal transport, Regional Container Lines in container shipping, and Thoresen Thai Agencies and Precious Shipping in dry-bulk and related maritime services. Together, these interests reinforce domestic maritime actors favouring gradual market opening. At the same time, Section 10 of the Foreign Business Act allows treaty-based exemptions, creating scope for an FTA to permit higher foreign ownership in selected services, although the practical effects of such opening would also depend on effective competition enforcement. From an FTA perspective, that makes sequencing crucial: the agreement's most realistic contribution may be to lock in procedural openness and competitive disciplines first, while leaving the deepest ownership and state-influence questions subject to slower domestic reform.

[523] PAT's going sustainable With GREEN initiatives

[524] PAT launches green, tech-driven development plan

[525] The Four Pillars of the Green Port — Bangkok Port's New Step

#### 8.5.4.5 Regulatory Cooperation

Regulatory cooperation could complement the FTA's market-access commitments by strengthening the existing EU–Thailand dialogue on maritime transport. The EU–Thailand Partnership and Cooperation Agreement already provides for exchanges on transport policies and practices[526], as well as cooperation on maritime transport, including the removal of obstacles to maritime trade, port access, transport-chain efficiency, safety and environmental standards. Cooperation could therefore focus on practical implementation issues, including greater coordination of digital port procedures, exchange of regulatory information and good practices, and implementation of international maritime standards. Digitalisation offers a particularly concrete area for cooperation, as Thailand has been advancing its Maritime Single Window with support from the International Maritime Organisation and participation from the Marine Department, Port Authority, Customs and other maritime stakeholders[527].

#### 8.5.4.6 Adjustment Pressures for Firms, Workers and Regions

The adjustment costs would also be labour-market and firm-level. Thailand's National Statistical Office recorded about 1.6 million persons employed in transportation and storage in 2024[528], and national logistics costs amounted to 13.6% of GDP in the same year, underlining both the scale of the sector and the economy-wide significance of any reform shock[Error! Bookmark not defined.]. OECD work on Thai services reform describes trade integration as generating job displacement and wage adjustment, with gains depending on stronger re- and up-skilling, labour mobility, and better matching of worker capabilities to employer demand[529]; OECD simulations similarly suggest that deeper services integration is likely to increase demand for mid- and high-skilled jobs while lower-skilled employment may come under pressure[530]. The domestic politics of maritime reform are therefore not just about protecting firms but about managing distributional consequences for workers and regions tied to existing logistics and port structures.

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[526] Framework Agreement on Comprehensive Partnership and Cooperation between the European Union and its Member States, of the one part, and the Kingdom of Thailand, of the other part

[527] Thailand takes next steps for Maritime Single Window

[528] Statistical Yearbook Thailand 2025 – Thailand's National Statistical Office

[529] OECD - Making Thailand's services sector more competitive through international trade, 2020

[530] OECD Economic Surveys: Thailand 2020

#### 8.5.4.7 Ambitious versus Moderate Outcomes

In sum, the difference between an ambitious and a moderate outcome lies less in vessel access, which is already largely open, than in commercial presence, auxiliary services and governance. Effects flowing from binding FTA commitments – guaranteed port and auxiliary-service access, constraints on cargo reservation, customs disciplines and rules on customs intermediaries – would materialise relatively quickly. Effects that depend on domestic implementation and deeper reform – FBA exemptions, competition enforcement, and the separation of PAT's regulatory and commercial functions – would be slower, more uncertain and politically contested.

### 8.5.5 Conclusions and Implications for Negotiations

The success of an EU–Thailand FTA in this sector will depend on its ability to remove the practical obstacles firms face when entering and operating in the market. Because the main barriers stem from ownership restrictions, concession arrangements, licensing requirements, and the overlap between regulatory and commercial activity, maritime transport needs to be treated as part of a broader port and logistics system in which vessel access, terminal operations, customs, forwarding and multimodal transport are closely connected. To be commercially meaningful, the agreement would need to pair market access with transparency, non-discrimination and predictable administrative procedures, and entry commitments with governance disciplines on SOEs, concession allocation, port charges and review of administrative decisions. To be politically feasible, liberalisation should be linked to domestic adjustment capacity through transition periods, regulatory cooperation and re-skilling support, starting with binding commitments where commercial benefits are clearer and resistance is lower. Cooperation on digital customs, port efficiency and green logistics could align EU commercial interests with Thailand's ambitions under Thailand 4.0 and the EEC, supporting a longer process of making Thailand's port and logistics system more transparent, competitive and internationally integrated.

# 9 Results of stakeholder consultation activities

## 9.1 Stakeholder consultation strategy

An inclusive and continuous consultation process is a defining feature of EU trade SIAs. In line with the European Commission's Better Regulation Guidelines and Toolbox and the Handbook for Trade SIAs, the consultation programme pursued three principal objectives: to engage actively with all affected and interested parties so that their experience, priorities and concerns about the trade and investment measures under negotiation are reflected in the analysis; to contribute to the transparency, quality, credibility and legitimacy of the SIA; and to help to identify priority areas and key issues relating to the potential economic, social, environmental and human rights impacts of the agreement. Consultation evidence is triangulated with the quantitative and qualitative analysis throughout the report, serving both to validate findings and to identify issues that desk research and modelling alone would not capture.

The process was designed to be: comprehensive, giving all interested stakeholders an opportunity to express their views; balanced, ensuring representativeness across stakeholder categories and between the EU and Thailand; timely, allowing sufficient time for contributions at each stage of the study; tailored, with instruments adapted to the needs and capacities of different target audiences; and incorporated, with all feedback considered in the analysis and reflected in the report where relevant.

## 9.2 Dedicated website and electronic communications

A dedicated project website (euthailandsia.org) serves as the principal public platform for the SIA. The website provides an accessible summary of the purpose and stage of the SIA process, an introductory description of the scope and objectives of the study in all official EU languages, the documents produced under the study (including study reports), announcements of consultation activities and events, and a search function.

The online outreach tools including the newsletters, project website, LinkedIn and Facebook posts were compared and analysed regarding their engagement. The results of these analyses suggest that the website and newsletters were the most effective channels for reaching stakeholders and generating meaningful engagement. Social media played a more supportive role, with stronger results on LinkedIn than on Facebook.

More detailed information on the website as well as statistics of the performance of the digital outreach tools can be found in Annex 10.

## 9.3 Open public consultation (OPC)

The OPC was hosted on the EU Survey platform and was open to all interested stakeholders in the EU, Thailand and third countries. It was launched on 2 February 2026 and closed on 15 May 2026. The questionnaire was available in Thai and in English, in all other official EU languages through the machine translation offered on the EU Survey platform. The OPC combined closed and open-ended questions covering the operational objectives of the envisaged agreement, its expected economic, social, environmental and human rights impacts, and cross-cutting issues including SMEs, consumers, gender equality and vulnerable groups. The questionnaire used conditional branching so that respondents were presented with follow-up questions tailored to their previous answers, balancing breadth of coverage against the burden placed on respondents. The OPC was promoted through the project website, electronic newsletter, the study's social media channels, DG Trade and the EU Delegation to Thailand.

A breakdown of OPC respondents can be found in Table 11 and Annex 11.

**Table 12: Breakdown of OPC respondents**

| Type of respondent | Responses (as submitted) | Responses (after cleaning and reclassification) |
|---|---|---|
| Business association | 4 | 5 |
| NGO | 4 | 4 |
| Academic/research institution | 2 | 2 |
| Trade union | 2 | 1 |
| Company/business | 2 | 2 |
| EU citizen | 1 | 1 |
| Non-EU citizen | 1 | 0 |
| Total | 16 | 15 |

*Source: Analysis of EU Survey export of 28 May 2026.*

*Notes: Adjusted column excludes one suspected mischievous entry and reflects the reclassification of one respondent from trade union to business association.*

Eight of the 15 responses came from EU-based respondents, five from Thailand-based respondents, and three from respondents in third countries. Respondents represented a

range of sectors, with agriculture, processed food and fisheries, services, and trade and distribution among the most frequently represented.

The dataset was cleaned in accordance with the guidance of the Better Regulation Toolbox on the analysis of public consultations. Two categories of issue were identified and recorded in a data cleaning tracker. Firstly, two pairs of linked submissions were identified and reviewed individually and retained where contributions differed substantively in content.

Beyond these individual issues, the cleaning exercise identified a pattern of closely aligned responses from the European tuna processing and canned fish sector. Three responses, submitted by two national canned fish associations and one EU-level tuna association, advanced the same core position opposing the inclusion of tuna products in the tariff liberalisation commitments of the envisaged FTA. The responses did not meet the Better Regulation Toolbox threshold for treatment as a coordinated campaign and were therefore retained as individual contributions, but the sector's viewpoint was presented in the analytical chapters as a consolidated industry position.

The OPC responses concentrated on a relatively small number of themes. Respondents from the agri-food and fisheries sectors expressed concern that tariff liberalisation would expose EU production to competition from Thai products manufactured under different cost structures and regulatory standards, and called for sensitive products to be excluded from liberalisation or subject to safeguards. Civil society respondents and trade unions emphasised labour rights, including the ratification and implementation of fundamental ILO conventions, the situation of migrant workers, and the enforceability of the TSD provisions. Other respondents highlighted animal welfare, sustainable commodity production and human rights due diligence.

The results of the OPC are triangulated with findings from the quantitative analysis and literature research and where relevant integrated into the economic, social, environmental and human rights chapters.

## 9.4 Business survey

A targeted business survey was designed to gather more specific and technical information from companies and business organisations on trade and investment conditions between the EU and Thailand and on the expected effects of the envisaged FTA. The questionnaire was modelled on instruments used in comparable exercises and was piloted before launch. It was distributed through trade and SME associations,

bilateral chambers of commerce, business networks in the EU and Thailand, and the project website, with promotion support from DG Trade and the EU Delegation to Thailand. The survey was launched on 11 February 2026 and closed on 15 May 2026. The survey also provided a recruitment channel for the interview programme described in Section 8.5.

At the time of closing the survey, 18 responses had been received, all of which contained substantive answers; no entries required removal. The absolute number of responses is modest and the results are interpreted as qualitative evidence of the positions of the responding firms and associations rather than as a representative sample of the business population.

**Table 13: Breakdown of Business survey respondents**

| Type of respondent | Responses (as submitted) | Responses (after reclassification) |
|---|---|---|
| Company/business | 8 | 8 |
| Business association | 7 | 10 |
| Other | 2 | 0 |
| Trade union | 1 | 0 |
| Total | 18 | 18 |

*Source: Analysis of EU Survey export of 2 May 2026.*

*Notes: Three respondents that self-classified as 'Other' or 'Trade union' were reclassified as business associations* following verification of their organisational profiles.

Fifteen of the 18 responses came from EU-based respondents (including one from La Réunion), two from Thailand-based respondents and one from a third country (Ecuador). The sectoral profile of the responses was heavily concentrated in fishing and aquaculture and other agriculture and food products, with the remaining selections spread across manufacturing, business services, beverages, transport and distribution. By organisation size, eight respondents identified as micro, two as small, two as medium-sized and six as large organisations. A more detailed breakdown is described in Annex 12.

The data cleaning exercise was recorded in a dedicated tracker. Three classification corrections were applied following verification of the organisational profiles of respondents, and one sector classification was adjusted. Two responses were also identified as originating from entities within the same corporate group; both were retained as separate legal entities, while the corporate link was reflected in the interpretation of the sector's views.

The most significant data quality consideration concerned the composition of the sample. Nine of the 18 responses were submitted by companies and associations in the European and international tuna and canned fish sector, and advanced a closely aligned position on tariff concessions, competition and rules of origin. The open-text responses differed sufficiently in language and detail to be considered individual contributions and the pattern did not meet the Better Regulation Toolbox threshold for campaign treatment. Nonetheless, the survey results are not read as a measure of overall business sentiment and the tuna sector's position is presented in the analysis as a consolidated industry viewpoint, considered in depth in the tuna case study.

Beyond the tuna sector, respondents addressed a broader range of issues, including high Thai tariffs in specific product categories, NTMs such as import licensing and certification requirements, restrictions on foreign equity participation in services, and the opportunities that improved market access would create for EU.

The results of the Business survey are triangulated with findings from the quantitative analysis and literature research and where relevant integrated into the economic chapter.

## 9.5 Interviews and meetings

Semi-structured interviews and meetings constituted the principal qualitative consultation instrument of the SIA. They allowed the study team to engage stakeholders who preferred to provide input directly and on a confidential basis, to explore issues in greater depth than the online instruments permitted, and to validate or challenge emerging findings. Three interview guides were developed and validated with DG Trade: one for the private sector, one for civil society; and one for NGOs, academics and international organisations. Interviews lasted between 30 and 45 minutes on average and were conducted online, in English or Thai as appropriate. Interviewees were assured that their input would be used exclusively for this study and reported on an anonymised basis. 55 interviews were carried out, distributed across stakeholder categories and approximately evenly between the EU and Thailand.

**Table 14: Breakdown of interviewees**

| Stakeholder category | Interviews completed | EU interviews | Thailand interviews |
|---|---|---|---|
| Trade and business associations and facilitators | 17 | 12 | 5 |
| Social partners | 13 | 8 | 5 |

| Stakeholder category | Interviews completed | EU interviews | Thailand interviews |
|---|---|---|---|
| NGOs | 12 | 2 | 10 |
| International organisations | 3 | 2 | 1 |
| Businesses | 7 | 1 | 6 |
| Economic operators | 1 | 1 | 0 |
| Academics and think tanks | 2 | 1 | 1 |
| Total | 55 | 27 | 28 |

*Source: Stakeholder outreach tracker.*

*Note: One focus group was held with representatives of four NGOs. In the above table, these are counted as four different organisations that have been interviewed.*

Private sector interviewees on the EU side concentrated on market access conditions in Thailand. Recurring themes included: high tariffs in specific categories such as wine, dairy and processed foods; the competitive disadvantage of EU exporters relative to suppliers from countries that already enjoyed preferential access to the Thai market; NTMs including import licensing, slow conformity assessment feedback, document translation requirements and customs procedures that remain only partially digitalised; and, in services, the foreign equity cap and associated licensing and establishment requirements, which several interviewees described as the principal deterrent to EU investment. Most EU business interviewees expected the agreement to improve predictability and market access, while stressing that the benefits would depend on implementation. Thai business interviewees similarly emphasised the value of tariff elimination with clear transition timelines, mutual recognition of conformity assessment to avoid duplicated testing, and the agreement's potential to anchor domestic regulatory reform. Further Thai interviews reinforced the importance of regulatory requirements as a determinant of effective market access, in some sectors outweighing tariffs, and highlighted challenges related to rules of origin, traceability and compliance with evolving EU requirements. They also indicated that the benefits of liberalisation are likely to accrue disproportionately to large, integrated and already-compliant exporters, while SMEs and smallholders may face greater adjustment and compliance challenges. Several Thai stakeholders stressed that transition periods would only be effective if accompanied by timely adjustment support, capacity-building and domestic implementation measures. Defensive concerns were voiced by EU producers of rice, sugar and canned tuna, fearing displacement effects and cumulative pressure from successive trade agreements. Thai stakeholders also identified defensive pressures in sectors such as dairy and pharmaceuticals, while poultry, rice, seafood and sugar stakeholders generally saw opportunities from improved EU market access. These

positions correspond closely to those expressed in the OPC and business survey and are examined in the case studies.

Interviews with social partners, NGOs, academics and international organisations focused predominantly on the social, human rights and environmental dimensions of the FTA. The most consistent theme was labour rights: interviewees repeatedly raised Thailand's non-ratification of ILO Conventions 87 and 98 on freedom of association and collective bargaining, the exclusion of migrant workers from the right to form trade unions, the size of the informal economy, and the limits of labour law enforcement. Most argued that the TSD provisions of the FTA should be binding and enforceable if they are to influence these conditions. Interviewees expressed particular concern for migrant and informal workers in labour-intensive export sectors, including seafood, agriculture and food processing. Further Thai consultations highlighted short-term subcontracting, difficulties and informal payments associated with migrant work permits, weak access to remedy and reported labour-rights risks in seafood processing and other manufacturing. They also raised the situation of refugees entering employment, including inadequate monitoring and heightened vulnerability to exploitation. Thai stakeholders stressed that domestic enforcement is likely to determine actual social and human rights outcomes and highlighted the importance of civil society organisations as trusted intermediaries for migrant workers and as participants in monitoring implementation.

Several interviewees linked these issues to EU instruments on corporate due diligence and forced labour, calling for coherence between the agreement and the EU's autonomous measures. Environmental themes included: deforestation-free supply chains; intensive livestock production; waste and the circular economy. Thai interviews additionally highlighted the practical challenges of farm-level traceability for commodities such as soy and natural rubber, the absence of adequate national carbon-measurement infrastructure, and the costs of shifting to certified or low-carbon production, particularly for smallholders. Stakeholders emphasised that environmental outcomes would depend on domestic enforcement and institutional coordination, while sustainability requirements could favour larger firms unless accompanied by technical assistance, traceability infrastructure and support for smaller producers.

Human rights themes included: civic space; protection of human rights defenders; access to remedy; and access to information. Additional Thai interviews highlighted access to medicines as a potentially significant social and human rights issue, particularly in relation to intellectual property and public procurement provisions, as well as concerns regarding forced labour, trafficking and freedom of association in migrant-intensive sectors. These contributions inform the social, environmental and human rights analysis and the recommendations, including on adjustment support, implementation and monitoring, and civil society participation.

## 9.6 Civil society dialogue (CSD)

Organised by DG Trade in Brussels, CSD meetings are intended to provide a structured forum for the study team to present its approach and findings to EU civil society and receive feedback at key milestones of the SIA. Two CSD meetings were foreseen over the course of the study. For each meeting, the study team prepares the presentation materials and circulates a list of discussion items in advance. Minutes are published on the DG Trade website and on the project website.

The first CSD meeting took place on 19 January 2026, following the publication of the draft inception report. The study team presented the methodology, consultation strategy and sustainability heat map identifying priority issues for the analysis. Participants were invited to submit written feedback by 23 January 2026, and seven organisations did so, including environmental NGOs, labour rights organisations, human rights organisations and an EU industry association. The feedback chiefly addressed fisheries and plastics, the situation of migrant workers, business and human rights, the practical implications of Thailand's non-ratification of ILO Conventions 87 and 98, the coverage of the human rights analysis, intellectual property and access to medicines, and the composition of the stakeholder lists. Each submission was reviewed and the resulting changes were documented in the final inception report, including additions to the literature base, an expanded analysis of Thai labour legislation, additional emphasis on consumers and public procurement in the economic pillar, and additions to the stakeholder database.

A summary of the CSD meeting held in January can be found in Annex 13.

[ TEXT TO BE ADDED IN FINAL REPORT ON SECOND CSD]

## 9.7 Stakeholder workshop in Bangkok

A full-day, in-person stakeholder workshop was held in Bangkok on 19 May 2026 at the Renaissance Bangkok Ratchaprasong Hotel, under the title 'Inclusive Stakeholder Consultation on the Sustainability Impact Assessment'. The objectives of the workshop were to raise awareness of the SIA among Thai and regional stakeholders, present and test the preliminary findings of the study, and gather structured input for the further development of the analysis and the formulation of recommendations. The workshop was conducted in English and Thai, with simultaneous interpretation throughout, and the participant list was developed with the EU Delegation to Thailand and approved by

the ISSG. Registration was open through the project website via two EU Survey forms, in English and in Thai, and the event was announced through the project's electronic channels and the networks of the EU Delegation. A background note summarising the SIA, preliminary findings and guiding questions for the thematic sessions was circulated to participants in advance, together with a short pre-workshop survey of expectations and priorities used to tailor the breakout discussions.

In total, 64 individuals attended the workshop representing 51 different organisations including 14 different businesses, seven business associations, 13 NGOs, two academics and two CSOs, as well as two organisations categorised as ‘other’. .

The workshop started with an introduction about the FTA negotiations, followed by a presentation about the preliminary SIA findings, a question and answer session, a panel discussion and group discussions with a thematic focus and concluded with a closing plenary session.

The discussions were substantive and, at times, critical. In the plenary sessions, environmental organisations asked whether additional indicators, including air quality, could be incorporated into the environmental analysis, and pressed the study team on how the benefits projected by the economic modelling would be distributed across Thai society and any accompanying conditions. Business representatives raised the treatment of services liberalisation in the analysis. Labour organisations asked whether independent Thai trade unions had contributed to the consultations and stressed the implications of the agreement for the ratification of ILO Conventions 87 and 98, the position of migrant workers in sectors such as fisheries, and the availability of complaint mechanisms and remedies. One CSO expressed disappointment with the preliminary report, arguing that the human rights analysis was too narrow and questioning the influence of stakeholder input on the study; in response, the study team explained how consultation evidence is used across the analytical chapters and clarified the scope of the SIA relative to the negotiations themselves.

In the working group on labour standards and social inclusion, participants identified smallholder farmers, home-based and informal workers, and migrant workers as the groups most exposed to adjustment pressures, raised the costs of compliance with EU sustainability requirements for small producers, and debated the ratification of ILO Conventions 87 and 98. Civil society participants argued that ratification was overdue and business representatives urged attention to enforcement capacity and economic context. Sector-specific contributions included evidence on the predominance of migrant workers in the tuna processing workforce and on emerging recruitment and verification standards, as well as concerns about intellectual property provisions and access to medicines, plant variety protection and seed systems, and the effects of alcohol trade

liberalisation on public health. In the working group on trade facilitation, regulatory cooperation and the green transition, participants questioned the suitability of the CGE model for capturing dimensions such as biodiversity and human rights and the accuracy of certain assumptions for the tuna and rice sectors. They also pointed to gaps in Thailand's infrastructure for a circular economy, called for stronger provisions on technology and knowledge transfer, and noted that high vehicle tariffs currently limit the competitiveness of European vehicles in the Thai market. These inputs are incorporated into the relevant analytical chapters, in particular the social and labour analysis, the environmental analysis) and the sectoral case studies.

Following the workshop, participants received a feedback survey, and the proceedings, including the closing presentation and a summary of the discussions, were published on the project website.

# 10 Conclusions

The economic impact analysis suggests that an ambitious, balanced, and forward-looking EU–Thailand FTA would generate positive economic effects for both parties while supporting wider strategic, sustainability and resilience objectives. It is expected to strengthen bilateral trade and investment flows, improve market access, reduce transaction costs and deepen integration into regional and global value chains, particularly in industrial goods, services and selected agri-food sectors. These findings are consistent with the CGE modelling, which indicates moderate but positive gains in GDP, welfare, bilateral exports and consumer welfare for both the EU and Thailand.

The economic benefits identified in this assessment are expected to arise through four principal channels.

First, tariff liberalisation would reduce remaining border barriers in sectors where tariff protection remains comparatively high and asymmetrical, notably in automotive products, processed foods, selected agricultural products and certain consumer goods. The analysis confirms that tariff asymmetries remain significant in a limited number of sectors, implying relatively larger direct market-access gains for EU exporters in Thailand.

Second, the reduction of NTBs and improvements in regulatory cooperation are likely to play an equally important – and in many sectors more important – role than tariff reductions in shaping the economic impact of the FTA. This is particularly relevant in sectors characterised by complex regulatory requirements, such as agri-food, pharmaceuticals, medical technologies, machinery, chemicals and digital services, where compliance costs, authorisation procedures and technical regulations constitute major determinants of effective market access.

Third, enhanced frameworks for regulatory cooperation and strengthened mutual recognition mechanisms could substantially reduce trade costs and improve predictability without lowering levels of health, safety, consumer or environmental protection. The analysis suggests that cooperation on SPS measures, technical regulations, conformity assessment, product approvals and professional qualifications may be among the most economically significant outcomes, particularly for SMEs and highly regulated sectors. In several areas, broad sector coverage in a mutual recognition agreement (MRA) and structured regulatory dialogue could reduce duplicate compliance burdens, facilitate faster market entry and improve supply-chain efficiency.

Fourth, improved legal certainty and stronger disciplines in services, investment, public procurement, intellectual property and digital trade are expected to improve the

business environment and strengthen long-term investment incentives. This is especially relevant given the growing importance of services, logistics, data-driven activities and industrial inputs in bilateral trade.

By increasing trade in goods between the EU and Thailand, the FTA will lead to greater environmental pressures from several economic sectors, including agriculture and fisheries in Thailand and chemicals and pharmaceuticals production in the EU. These will include pressures for greater GHG emissions and agricultural land use, leading to pressures on biodiversity. However, the FTA could also create opportunities for better environmental governance, at enterprise, sectoral and government levels. Greater EU investment in Thailand can help to bring stronger environmental management at enterprise level. Cooperation on automotive and transport trade and investment, particularly in the area of EVs, can support policies to reduce GHG emissions in both the EU and Thailand.

The EU-Thailand FTA is likely to lead to overall positive welfare impacts. Positive human rights impacts depend on implementation, enforcement and access to remedy. While many impacts are identified as low to medium in scale, they may become more significant where safeguards are weak.

Recent EU TSD chapters generally combine commitments to implement ratified MEAs, the right to regulate, and non-derogation clauses with environmental cooperation and, since the EU's 2022 approach, the possibility of recourse to the horizontal state-to-state dispute settlement mechanism established under the FTAs. Such provisions are particularly relevant in the Thai context, where environmental governance is improving but implementation remains uneven, and where some of the key environmental impacts identified in this assessment depend on effective enforcement. DAGs and civil society forums can play a complementary role by enabling stakeholders on both sides to participate in the implementation and flag emerging concerns over the lifetime of the FTA.

The provisions of the TSD chapter can support stronger labour and environmental governance, as can institutional mechanisms established under the FTA, particularly if they provide for the wide participation of civil society in monitoring FTA impacts and identifying issues of concern. For example, relevant FTA provisions include those impacting labour standards, gender equality, and vulnerable groups such as migrant workers, informal workers and indigenous populations.

Lastly, regarding human rights,, stakeholders from both the EU and Thailand highlight that positive human rights impacts will depend on implementation, enforcement and access to remedy. While many negative impacts are identified as low to medium in

scale, they may become more significant where safeguards are weak. Yet, this study shows that the EU-Thailand FTA is likely to lead to overall positive welfare impacts.

At the same time, the analysis confirms that the potential benefits of the FTA are unlikely to be distributed evenly across sectors or stakeholder groups. While many sectors are expected to benefit from lower trade costs and greater legal certainty, adjustment pressures may emerge in sensitive sectors, particularly in agriculture, fisheries and selected import-competing industries. These effects will require careful monitoring and, where necessary, targeted flanking measures.

The FTA may also contribute to wider strategic objectives beyond its direct economic effects. In particular, it could support supply-chain diversification, strengthen the EU's economic presence in ASEAN, improve resilience in critical industrial ecosystems and facilitate cooperation on the green and digital transitions. By strengthening institutional cooperation and reducing regulatory fragmentation, the FTA could also contribute to greater long-term economic resilience and competitiveness.

The extent to which these gains materialise will depend on the final level of ambition of the FTA, the effectiveness of implementation, and the ability of both parties to complement market opening with practical cooperation, institutional dialogue and targeted domestic reforms.

# 11 Recommendations

## 11.1 Economic impacts, investment and strategic cooperation

### Pursue ambitious and balanced tariff liberalisation

The FTA should aim for broad tariff elimination across industrial and agricultural sectors, while taking into account sectoral sensitivities and adjustment needs. Transitional periods, TRQs and phased liberalisation may be appropriate in particularly sensitive sectors such as rice, sugar and fisheries products.

Priority should be given to sectors characterised by high tariff asymmetries, such as automotive products, processed foods and selected industrial goods, where tariff reductions are expected to generate the largest direct economic effects.

Alongside tariff reduction, particular importance should be attached to complementary measures that determine effective market access, including sanitary and phytosanitary provisions, the reduction of technical barriers to trade, streamlined import licensing, the digitalisation of customs procedures, and transparent and simplified rules of origin. The application of SPS requirements should be as straightforward as possible, and cumulation of SPS and TBT requirements on the Thai side should be avoided where it creates unnecessary duplication. Rules of origin should be designed to be accessible to SMEs in both Thailand and the EU, and import licensing procedures should be assessed for proportionality and necessity. Regulatory cooperation has significant potential to reduce transaction costs; both partners should agree on regular bilateral meetings to review the procedural aspects of rules of origin with a view to simplifying them over time.

### Prioritise regulatory cooperation as a central pillar of the FTA

Given the importance of NTBs in shaping effective market access, the FTA should place strong emphasis on regulatory cooperation and procedural transparency.

Priority areas should include:

- SPS measures;
- TBT;
- Customs and border procedures;

- Product approvals and licensing;
- Digital trade facilitation;
- Regulatory transparency and notification.

Stakeholder evidence suggests that improvements in these areas could deliver substantial economic gains, particularly in sectors where tariffs are already low but compliance costs remain high.

### Strengthen mutual recognition and conformity assessment cooperation

The FTA should promote the development of MRAs and equivalence frameworks in areas where regulatory outcomes are comparable.

This could include:

- Conformity assessment procedures;
- Product testing and certification;
- Selected SPS controls;
- Professional qualifications;
- Technical inspections;
- Digital certification systems.

Reducing duplicate procedures and expanding recognition of standards and certifications would lower costs (particularly for SMEs), accelerate market entry and strengthen bilateral supply-chain integration.

Where full mutual recognition is not immediately feasible, sectoral roadmaps and institutionalised technical dialogue could help to build trust and convergence over time.

### Strengthen services and investment liberalisation

Given the increasing importance of services in bilateral economic relations, the FTA should pursue meaningful commitments in:

- Business and professional services;
- Digital and telecommunications services;
- Financial services;
- Transport and logistics;
- Maritime services.

Particular attention should be paid to reducing foreign equity restrictions, streamlining licensing procedures and improving transparency in domestic regulation.

In combination with the environmental provisions of the TSD chapter, the agreement has significant potential to attract green investment in Thailand, particularly in areas such as renewable energy, electric vehicle production and environmental goods and services.

In this context, it is also appropriate to assess the nature and role of state-owned enterprises and the distortions their presence may create in Thailand's domestic and export markets. The EU should seek clear Thai commitments to strengthen the effectiveness of its competition law framework.

### Improve SME utilisation and regulatory accessibility

SMEs are disproportionately affected by regulatory fragmentation and administrative burdens. To ensure broad-based utilisation of the FTA, dedicated SME provisions should support easier compliance and market entry.

These could include:

- Simplified rules of origin;
- Digital customs procedures;
- SME contact points;
- User-friendly regulatory information portals;
- Technical assistance on certification and standards[531].

### FTA as a platform for long-term strategic cooperation

Beyond market access, the FTA should serve as a platform for broader strategic cooperation in areas such as:

- Supply-chain resilience;
- Critical raw materials;
- Industrial decarbonisation;
- Digital infrastructure;
- Standards cooperation;

[531] Civil society stakeholders from both the EU and Thailand foresaw that large businesses would benefit most from the FTA as they have the capacity to comply with the strict regulatory standards, while SMEs would likely face greater adjustment challenges. In this context, they were in favour of the adoption of support measures to mitigate potential negative impacts on SMEs and other vulnerable groups, for example capacity-building and technology transfer.

- Innovation partnerships.

This would reinforce the FTA's contribution to the EU's broader Indo-Pacific strategy and strengthen Thailand's integration into high-standard global and regional value chains.

## 11.2 Employment, labour rights and social inclusion

### Strengthen social protection alongside trade liberalisation

There is a risk that benefits and costs of the agreement may be unevenly distributed in Thailand. Thailand's high levels of informality and social inequality are factors that could limit the positive effects of trade liberalisation. In particular, attention should be paid to the risks in export-oriented sectors characterised by high levels of informality and extensive reliance on migrant labour. Positive effects from trade liberalisation can be amplified by linking the agreement in a meaningful way to ILO standards, supply-chain due diligence obligations, transparency and grievance mechanisms, and the effective enforcement of legal rights. Effective access to remedy for consumers, workers and affected communities is a key prerequisite for positive human rights outcomes.

In Thailand, groups requiring particular protection include small-scale farmers, informal workers, migrants, women employed in certain export sectors, ethnic minorities, and older workers and young people. Trade liberalisation should accordingly be accompanied by skills development and training measures, complementary social policies, and adjustment assistance for affected sectors and workers.

### Strengthen social and labour cooperation alongside trade liberalisation

To maximise positive social outcomes, the parties should complement market opening with strong implementation and enforcement of the TSD chapter.

Priority areas include:

- Labour rights enforcement;
- Responsible business conduct, particularly in relation to labour rights and working conditions in supply chains.

This will be particularly important in sectors with elevated labour risks such as fishing and seafood, specifically for forced labour for migrant workers, sugarcane and garments, both sectors posing a risk related to child labour and forced labour, construction, where Thai and migrant workers also face exploitation risks and as relevant to discrimination and OSH concerns, and manufacturing where union rights

remain vulnerable. As acknowledged during the Commission's 2022 TSD review, strong implementation and enforcement will require defining clear goals, underpinned by clear actions and measurable indicators, all of which should be defined in an implementation roadmap established through close cooperation between the two Parties.

## 11.3 Environment and climate

### Environmental cooperation

The FTA creates opportunities for improved environmental governance, particularly in Thailand. The TSD chapter should include binding cooperation on climate action, biodiversity conservation, forest protection and deforestation-free supply chains, sustainable fisheries and food systems, and responsible business conduct. This can be strengthened by flanking measures that support enterprise actions, civil society work and government policy development. Key areas for cooperation on flanking measures could include:

- Investment in EV production and deployment, including cooperation between the EU and Thailand on harmonising regulations and standards: action in this area can support climate goals in both economies;
- Investment in environmental goods and services, including support for such goods and services in public procurement;
- Circular economy, including sharing successful business models and technical innovations as well as government policy approaches. Work in this area can support secondary markets, possibly for critical raw materials, while addressing potential risks related to the waste trade;
- Chemicals and pesticides management, including SPS/MRL compliance: strengthen chemicals and pesticides policies and enforcement in Thailand
- Forestry and deforestation: strengthen cooperation on forest governance and commodity-driven deforestation in Thailand, including traceability and technical assistance for smallholders, to mitigate risks that increased trade and agricultural production under the FTA could increase pressure on forests and natural habitats;
- Fisheries management: to promote ongoing improvements in fisheries and aquaculture, including for fish imports processed in Thailand, and strengthen sustainable fisheries governance;
- Capacity-building for environmental governance in Thailand, including support to improve coordination across agencies, strengthen sub-national capacity and enhance monitoring/reporting and data interoperability.

Other areas for cooperation could include support for wider implementation of AWD in rice cultivation and efforts to combat crop burning, particularly for sugarcane. Both of these issues are seen across East Asian countries and actions could take place within multilateral forums such as ASEAN.

Regulatory cooperation with the Thai government is essential to underpinning these commitments. At the global level, the EU and Thailand can cooperate in the framework of multilateral environmental agreements. At the bilateral level, regulatory cooperation should give particular attention to agriculture, fisheries, energy, raw materials, and forestry and land use. In this context, it should be recognised that environmental regulations may themselves have unintended adverse effects on certain local or indigenous communities if their rights are not adequately considered during implementation.

## 11.4 Human rights and vulnerable groups

### Strengthening human rights implementation and monitoring

The TSD Committee could have a permanent agenda item on human rights-related impacts of the FTA that fall under the scope of the TSD Chapter. Topics for regular TSD Committee review could usefully include:

- Labour standards;
- Gender equality;
- Impacts on vulnerable groups, including:
    - Migrant workers
    - Informal workers
    - Indigenous peoples

**Ensuring availability of medicines**

Taking into consideration the potential negative impacts that could arise from extended IP protections that go beyond WTO TRIPS requirements, the FTA could be amended to limit patent-term extensions aiming to ensure access to affordable medicines in Thailand. Alternatively, accompanying measures could be agreed to mitigate any negative effects of extended IP protections.

**Strengthening women's rights and gender equality**

The FTA provisions could ensure that they reflect women's roles holistically as entrepreneurs, workers, consumers, and citizens, thereby supporting gender equality.

## 11.5 Implementation, monitoring and stakeholder participation

### Establish strong implementation and monitoring structures

Effective implementation requires appropriate institutional mechanisms and constant monitoring by both Parties and their stakeholders. Monitoring mechanisms and regular evaluations should support implementation by tracking progress and identifying implementation gaps. They should also give a voice to social and environmental stakeholders. Where implementation fails, enforcement provisions and dispute settlement procedures should provide mechanisms to address non-compliance. A dedicated TSD institutional body, such as a TSD Committee, should be established and should meet regularly to oversee implementation, facilitate cooperation and follow up on commitments.

### Monitor impacts, adjustment needs and follow up

The FTA should include mechanisms for regular monitoring of sectoral, social and environmental impacts, particularly in sensitive sectors and for vulnerable groups. Where adjustment pressures emerge, flanking measures should be considered, such as training, technical upgrading, reskilling and support for compliance adaptation.

Agreed follow-up actions arising from the relevant institutional processes should be clearly communicated and their implementation periodically reviewed.

### Ensure transparency in implementation and decision-making

Transparency in regulation, licensing procedures, administrative decision-making, rules of origin and access to remedies is repeatedly identified in this assessment as a prerequisite for both economic and human rights outcomes. Transparent rules and procedures can also help to contain the influence of narrow interest groups on both sides and to ensure that the public can assess the net effects of the agreement, contributing to the broader acceptance of rules-based international trade. Discussions of

the TSD Committee should be supported by concise public summaries, and agreed follow-up actions should be publicly communicated.

### Institutionalise civil society participation

Experience from other EU trade agreements suggests that active civil society participation increases the likelihood that the agreement will deliver both welfare and sustainability gains. Trade unions, business associations, NGOs and other civil society actors should have a formal and meaningful role in monitoring the implementation of the FTA, whether through Domestic Advisory Groups, the Civil Society Forum or other institutional channels like the Chief Trade Enforcement Officer's Single Entry Point.This is not only crucial to maximise the social and environmental impact of the FTA and mitigate its risks, but also to strengthen trust in the EU trade policymaking process. .

- DAGs should include civil society representatives with expertise relevant to the FTA[532]. Civil society organisations should also have meaningful opportunities to raise concerns and contribute to follow-up through the relevant institutional mechanisms, including:
  - Ability to submit concerns for consideration under the relevant FTA mechanisms;
  - Ability to request agenda items to be discussed in the relevant meetings;
  - Entitlement to receive reasoned written responses;
  - Ability to trigger follow-up discussions;

### Promote regulatory cooperation and responsible business conduct

- The parties should promote the use of existing mechanisms, such as the ILO MNE Declaration Focal Points ororOECD NCPs. They can address concerns about

[532] An EU civil society stakeholder raised concerns about the lack of independence of civil society organisations in partner countries, which are sometimes dominated by government-aligned actors or actors representing narrow interests. Accordingly, DAGs created under the FTA must ensure that their composition includes representatives of civil society that are sufficiently independent from government interests and with expertise in the issues covered by the FTA. At the same time, an EU civil society stakeholder mentioned that the FTA should establish a domestic consultative group covering the entire FTA, as is the case for the EU-Chile Interim Trade Agreement (European Commission, 'EU-Chile: Text of the agreements, Chapter 33', 2022, https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/chile/eu-chile-agreement/text-agreement_en) rather than the proposed narrower DAG linked to the TSD chapter. They suggested that this Domestic Consultative Group should include businesses, employers, workers and civil society to ensure balanced discussions of trade and human rights concerns.

business conduct in sectors affected by the FTA through the ILO MNE Declaration or OECD guidelines for multinational enterprises on responsible business conduct.

The agreement should provide a platform for dialogue and cooperation on developments in EU instruments on supply chains, sustainability and forced labour as well as their implications for EU-Thailand trade and investment. However, such cooperation should be careful and sensitive to the partner country's context. The EU should avoid the impression of imposing European preferences on the partner; research on past FTAs and TSD clauses suggests that these provisions are most effective and positively received in partner countries when accompanied by a constructive and respectful engagement strategy.

Regulatory cooperation should be designed to improve efficiency, transparency and predictability while fully preserving each party’s regulatory autonomy and public policy objectives.

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